

†

COMPUTERSHARE TRUST COMPANY ~~†~~ OF CANADA

as Issuer Trustee of

■

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of ■, 2017

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THIS DECLARATION OF TRUST is made as of ■, 2017 by ■ [Computershare Trust Company of Canada](#), a trust company established under the laws of ~~Canada~~ (the “Issuer Trustee”).

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the “Act”) for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS (\$10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

“Act” has the meaning ascribed thereto in the Recitals.

“Adjusted Redemption Price” has the meaning ascribed thereto in subsection 4.1(3).

“Affiliate” means, with respect to any specified Person, any other Person controlling, controlled by or under common control with such specified Person and, for the purposes of this definition, “control” means, in respect of any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

“Change of Law Protection Agreement” means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

“Claim” has the meaning ascribed thereto in Section 7.3.

“Dealer” means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

“Declaration of Trust” means this declaration of trust.

“Designated Beneficiary” has the meaning ascribed thereto in section 3.6.

“Eligible Investments” means investments permitted to be made by the Trust under the Indenture.

“Excess Income on Redemption” has the meaning ascribed thereto in subsection 11.1(2).

“Funding Obligation” means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

“GAAP” or **“generally accepted accounting principles”** means generally accepted accounting principles in Canada.

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

“Hedging Agreement” means any agreement evidencing an interest rate swap transaction, forward rate transaction, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction or any combination of these transactions, in each case, entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

“IESO” means the Independent Electricity System Operator.

“Income of the Trust” for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the “taxable income” of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

“Indenture” means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

“**Indenture Trustee**” means ■[BNY Trust Company of Canada](#), a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

“**Investment Interest**” has the meaning ascribed to the term “investment interest” in the Act.

“**Issuer Trustee**” means ■[Computershare Trust Company of Canada](#) and any successor thereto appointed pursuant to Article 6.

“**ITA**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

“**Management Agreement**” means the management agreement dated the date hereof between the Manager and the Trust.

“**Manager**” means OPG, in its capacity as manager appointed under the Management Agreement to administer the Investment Interests and perform such other duties assigned to it thereunder.

“**Master Transfer and Servicing Agreement**” means the master transfer and servicing agreement to be entered into by and between the Trust and the IESO, ~~and acknowledged and accepted by the Indenture Trustee.~~

“**Net Realized Capital Gains of the Trust**” for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

“**Net Realized Capital Gains of the Trust Allocated on Redemption**” has the meaning ascribed thereto in subsection 4.1(5).

“**New Holder**” has the meaning ascribed thereto in subsection 3.6(1).

“**OPG**” means Ontario Power Generation Inc.

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

“**Program Agreements**” means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing

Agreement, each Transfer Notice, the Change of Law Protection Agreement and any hedging agreements, credit enhancement agreements, loan agreements, subordinated loan agreements, security agreements and Underwriting Agreements in effect at such time and all other documents and certificates delivered in connection therewith.

“Rating Agencies” means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

“Rating Agency Condition” has the meaning ascribed thereto in the Indenture.

“Records” means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

“Redemption Price” has the meaning ascribed thereto in subsection 4.1(3).

“Regulations” means the regulations promulgated under the Act.

“Specified Consumer” has the meaning ascribed to the term “specified consumer” in the Act.

“Specified Creditors” has the meaning ascribed thereto in the Indenture.

“Supplemental Indenture” means any supplemental indenture to the Indenture.

“Transfer” has the meaning ascribed to the term “transfer” in the Act.

“Transfer Notice” means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

“Trust” means ■[Fair Hydro Trust](#), a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

“Trust Activities” means the activities of the Trust described in Section 2.1.

“Trust Company” means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

“Trust Property” means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

“Underwriting Agreement” means any underwriting, agency or other agreement providing for the sale and distribution of Funding Obligations by one or more Dealers.

“Unitholders” means at any time, the holders at such time of one or more Units, and **“Unitholder”** means any such holder.⁺

“Units” means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

- (a) references to “herein”, “hereby”, “hereunder”, “hereof” and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;
- (b) references to an “Article” or “Section” are references to an Article or Section of this Declaration of Trust;
- (c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;
- (d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;
- (e) the words “includes” and “including”, when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;
- (f) references to any Person include such Person’s successors and permitted assigns;
- (g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;
- (h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have

⁺ ~~Note: It is proposed that a single unit of the Trust will be issued to the Indenture Trustee (in addition to units to OPG or a subsidiary of OPG) in order to ensure that OPG or a subsidiary of OPG does not have the capability to cause the Trust to be wound up.~~

been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

- (i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and
- (j) unless otherwise specified, all references to “\$” or “dollars” are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2 THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the “**Trust Activities**”), including:

- (a) issuing Units;
- (b) redeeming Units;

- (c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;
- (d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;
- (e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;
- (f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;
- (g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;
- (h) making payments on the Funding Obligations;
- (i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and
- (j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

- (a) take any action to wind-up or dissolve the Trust; or
- (b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or

proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “**Fair Hydro Trust**” and the French form of the name of the Trust is “**■**”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at ~~{address of Issuer Trustee}~~ 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

- (a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and
- (b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except

as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3 UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

- (1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a “designated beneficiary” within the meaning of Part XII.2 of the ITA (“**Designated Beneficiary**”), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership (“**New Holder**”), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person’s rights in respect of such Units will be limited to

receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

- (2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or

liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4 REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

- (1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.
- (2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the “**Redemption Price**”) established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.
- (3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, ~~distribute by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing~~ to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. ~~The~~ In the event that property is distributed in specie, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the “**Adjusted Redemption Price**”).
- (4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.
- (5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the

Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the “**Net Realized Capital Gains of the Trust Allocated on Redemption**”). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5

RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

- (a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;
- (b) reacquire or redeem Funding Obligations;
- (c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding

Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

- (d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Hedging Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Hedging Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Hedging Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Hedging Agreement may be entered into at any time after the original Hedging Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

- (a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;
- (b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;
- (c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;
- (d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;
- (e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and
- (f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

- (a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust

Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

- (b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

- (a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;
- (b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and
- (c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and

any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6

REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

- (a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders, the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.
- (b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to

Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may by instrument in writing appoint a Trust Company, which either (i) has risk-based capital of at least \$50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least \$50,000,000; or (ii) has been approved in writing by each Rating Agency prior to its appointment by the Unitholders, in order to replace the Issuer Trustee. If the Unitholders fails to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7 STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, negligence or the failure to comply

with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a “**Claim**”), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8 RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9 MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such

resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10 AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

- (a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;
- (b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or
- (c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11 DISTRIBUTION OF TRUST PROPERTY¹

11.1 Distributions

- (1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.
- (2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the **"Excess Income on Redemption"**), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.
- (3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).
- (4) Having regard to the present intention of the Issuer Trustee to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year so that the Trust will not have any liability for tax under Part I of the ITA in any taxation year (other than alternative minimum tax or taxes payable under the

¹ Subject to PILs exemption.

“SIFT trust” rules in the ITA), unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each such taxation year:

- (a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and
- (b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

- (1) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder’s share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder’s share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

- (1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

- (2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:
- (a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);
 - (b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and
 - (c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

- (1) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

- (1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.
- (2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.
- (3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by

the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable ~~to a Unitholder~~ under this Declaration of Trust amounts required by law to be deducted or withheld from such ~~Unitholder's~~ distributions or payments, whether such distributions or payments are satisfied in the form of cash, ~~a~~ cheque, promissory note, additional Units or

otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to ~~a Unitholder~~ the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.1(2), ~~or elects to pay a distribution in the manner contemplated in subsection 11.3(3)~~, the ~~Unitholder~~ recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12 TERMINATION OF THE TRUST

12.1 Termination

- (a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.
- (b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13 GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation,

performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST
COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on November-10-17 8:07:04 PM

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Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24318715/1
Description	#24318715v1<TorysAtWork> - Declaration of Trust - Fair Hydro - RATING AGENCIES
Document 2 ID	file:///C:/Users/bsaulnie/Desktop/Declaration of Trust - Fair Hydro.DOCX
Description	Declaration of Trust - Fair Hydro
Rendering set	Firm_Standard

Legend:	
<u>Insertion</u>	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	39
Deletions	29
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	68

MANAGEMENT AGREEMENT

between

■
FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

■
BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of ■, 2017

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EXHIBIT

Exhibit A – Annual Compliance Certificate

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of ■, 2017,

BETWEEN:

■ FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the “**Issuer**”)

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the “**Manager**”)

- acknowledged and accepted by -

~~INDENTURE TRUSTEE~~ BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the “**Indenture Trustee**”)

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the “**Act**”) for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established by the Financial Services Manager pursuant to the Act and may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, ~~those~~its rights ~~and obligations set forth in Sections 4.1(a)(vii), 4.1(a)(xx), 4.1(a)(xxiii), 4.3(a), 4.7(d), 4.7(e), 5.6, 7.1, 8.2(b) and 8.10 hereof~~set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

“**Act**” has the meaning ascribed thereto in the recitals;

“**Agreement**” means this Agreement, as amended, supplemented, modified, ~~restated or~~ replaced or amended and restated from time to time, and the expressions “herein”, “hereof”, “hereto”, “hereunder” and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

“**Board**” means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

“**Clean Energy Adjustment**” has the meaning ascribed to the term “clean energy adjustment” in the Act;

“**Clean Energy Benefits**” has the meaning ascribed to the term “clean energy benefits” in the Act;

“**Clean Energy Costs**” has the meaning ascribed to the term “clean energy costs” in the Act;

“**Declaration of Trust**” means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be amended, supplemented, ~~amended~~ modified, replaced or amended and restated from time to time;

“**Electricity Vendor**” has the meaning ascribed to the term “electricity vendor” in the Act;

“**Fair Allocation Amount**” has the meaning ascribed to the term “fair allocation amount” in the Act;

“**Finance Amount**” has the meaning ascribed to the term “finance amount” in the Act;

“**Financial Services Manager**” has the meaning ascribed to such term under the Act;

“**Financing Entity**” has the meaning ascribed to the term “financing entity” in the Act;

“**Financing Plan**” has the meaning ascribed to such term under the Act;

“**Funding Obligation**” has the meaning ascribed to the term “funding obligation” in the Act;

“**IESO**” means the Independent Electricity System Operator, a statutory corporation without share capital ~~continued~~amalgamated under the *Electricity Act, 1998*, S.O. 1998;

“**Indenture**” means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, ~~amended~~modified, replaced or amended and restated from time to time;

“**Indenture Indemnified Losses**” has the meaning ascribed to such term in Section 5.6(b);

“**Indenture Indemnified Person**” means the Indenture Trustee and its officers, directors and employees;

“**Investment Interest**” has the meaning ascribed to the term “investment interest” in the Act;

“**Investment Interest Records**” means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

“**Issuer Compensation**” has the meaning ascribed to such term in Section 5.5;

“**Issuer Funding Obligation**” means a Funding Obligation incurred by the Issuer;

“**Issuer Investment Interest**” means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

“**Issuer Property**” means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

“**Management Fees**” means the fees ~~payable to the Manager, as set out in the applicable fee letter to be issued on an annual basis or more frequently as the Issuer and the Manager may determine~~established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

“**Master Transfer and Servicing Agreement**” means the master transfer and servicing agreement dated ■, 2017 between the Issuer and the IESO ~~and acknowledged and accepted by the Indenture Trustee~~, as may be amended, supplemented, ~~amended~~modified, replaced or amended and restated from time to time;

“**Minister**” means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

“**Offering Materials**” means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

“**Perpetuity Date**” means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

~~“**Program Agreements**” means the Indenture, each Supplemental Indenture, the Declaration of Trust, this Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements and Note Purchase Agreements in effect at such time and all other documents and certificates delivered in connection therewith;~~
“**Proceeding**” means any suit in equity, action at law or other judicial or administrative proceeding;

“**Reference Period**” has the meaning ascribed to the term “reference period” in the Act;

“**Regulation AB**” means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

“**Regulations**” means ~~the~~Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

“**Servicer CEA CollectionsReceipts**” has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

“**Specified Consumer**” has the meaning ascribed to the term “specified consumer” in the Act;

“**Standard of Care**” has the meaning ascribed to such term in Section 5.1;

“**Transfer**” has the meaning ascribed to the term “transfer” in the Act; and

“**True Up Amount**” has the meaning ascribed to the term “true up amount” in the Act.

- (b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2 INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3 APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

- (a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;
- (b) acting as custodian of the Investment Interest Records;
- (c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;
- (d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

- (e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;
- (f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;
- (g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and
- (h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4 DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

- (a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:
 - (i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;
 - (ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;
 - (iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

- (iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;
- (v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;
- (vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;
- (vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;
- (viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;
- (ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;
- (x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;
- (xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;
- (xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;
- (xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund

schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

- (xiv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;
- (xv) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;
- (xvi) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;
- (xvii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);
- (xviii) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);
- (xix) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;
- (xx) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;
- (xxi) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or

the conduct of its operations and all general services customarily provided by legal counsel;

- (xxii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;
- (xxiii) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, ~~Liquidity~~ Lender or Credit Enhancer and co-operating in all audits of the Issuer;
- (xxiv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;
- (xxv) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;
- (xxvi) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;
- (xxvii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;
- (xxviii) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

- (xxix) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.
- (b) The Manager will not offer to enter into any Program Agreement:
 - (i) after the Manager receives a notice of termination pursuant to Section 7.1; or
 - (ii) if the entering into of the Program Agreement would violate any other Program Agreements.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

- (a) enforcing the rights of the Issuer under the Program Agreements;
- (b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;
- (c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;
- (d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between ~~the~~ Servicer CEA ~~Collections~~ Receipts and the Clean Energy Adjustment;
- (e) instituting any ~~action or proceeding~~ Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

- (f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and
- (g) instituting any ~~action or proceeding~~ **Proceeding** necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Collection of Clean Energy Adjustments

The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

- (a) review each report delivered by the IESO under Section 3.4(b) of the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve the failures and discrepancies which have not been remedied or adequately explained by Electricity Vendors;
- (b) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and
- (c) as the Manager determines necessary, review or caused to be reviewed, pursuant to its rights under Section 10(4) of the Regulations, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments; provided that if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor.

4.4 ~~4.3~~ **Investment Interest Records**

- (a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:
 - (i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

- (ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;
- (iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;
- (iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and
- (v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

- (b) Nothing in this Section ~~4.34.4~~ shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section ~~4.34.4~~.
- (c) Nothing in this Section ~~4.34.4~~ shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section ~~4.34.4~~, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

4.5

~~4.4~~ Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.6

~~4.5~~ Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.7

~~4.6~~ Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.8

~~4.7~~ Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

- (a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;
- (b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;
- (c) calculating the True Up Amount;
- (d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and
- (e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING
TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

- (a) the Manager will not be liable for any liabilities of the Issuer; and

- (b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the ~~standard of care required under Section 5.1~~ Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of \$10 per month for any month or part thereof that the Issuer is engaged in such activities (the “**Issuer Compensation**”). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

The Issuer and the Manager agree that in respect of any month that the Issuer has an amount payable to the Manager under Section 5.4 in an amount that is not less than \$10 (plus the amount of any applicable sales taxes on the Issuer Compensation), the Manager’s obligation to pay the compensation to the Issuer under this Section will be fully satisfied by way of setting-off \$10 (plus the amount of any applicable sales taxes on the Issuer Compensation) of the

amount payable by the Issuer to the Manager under Section 5.4 against the Manager's amount payable to the Issuer under this Section.

5.6 Indemnification by Manager

- (a) The Manager ~~agrees to~~shall indemnify; and defend and hold harmless the Issuer from and against, any and all liabilities which may be imposed on, incurred by or assessed against the Issuer as the result of any wilful misconduct or gross negligence by the Manager, its officers, employees or agents or any failure to comply with the ~~standard of care required under Section 5.1~~Standard of Care, provided that the Manager will have the exclusive right to compromise or defend, through counsel selected and retained by the Manager, any such liabilities or related claims at its own expense, which decision will be binding upon the Issuer. ~~It is, however, expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:~~
- (b) The Manager shall indemnify each Indenture Indemnified Person and defend and hold harmless each such Indenture Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indenture Indemnified Losses") imposed on, incurred by or asserted against such Indenture Indemnified Person, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement and, except to the extent of Indenture Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indenture Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indenture Indemnified Person for any amount paid or payable by such Indenture Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld. Promptly after receipt by an Indenture Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indenture Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(b), notify the Manager in writing of the commencement thereof. Failure by an Indenture Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indenture Indemnified Person under this Section 5.6(b) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(b), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indenture Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indenture

Indemnified Person except as set forth below); provided, that the Indenture Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indenture Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indenture Indemnified Person and the Manager and the Indenture Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indenture Indemnified Person to represent the Indenture Indemnified Person within a reasonable time after notice of the institution of such action, or (iii) the Manager authorizes the Indenture Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indenture Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indenture Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(b) (whether or not the Indenture Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indenture Indemnified Person from all liability arising out of such claim or Proceeding.

(c) Indemnification under Section 5.6(b) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer or any Indenture Indemnified Person harmless with respect to any of the following:

~~(a)~~ (i) payments due on Issuer Funding Obligations or other amounts borrowed;

(i) ~~(b)~~ any breach or failure to perform on the part of any other third party under any Program Agreement;

(ii) ~~(c)~~ any claim arising out of the assessment of any tax or payments in lieu of tax by a taxing authority against the Issuer;

~~(d) any amount for which the Issuer agrees to indemnify the Manager hereunder;~~

- (iii) ~~(e)~~ any liability of the Issuer or any Indenture Indemnified Person accruing after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination;
 - (iv) ~~(f)~~ any losses of the Issuer or any Indenture Indemnified Person arising due to risks inherent in the Issuer Investment Interest; ~~or~~
 - (v) ~~(g)~~ any statements or certificates provided by the Issuer to the effect that ~~(i)~~ (X) any Funding Obligation is consistent with the Financing Plan; or ~~(ii)~~ (Y) the estimated Finance Amount that would have become due and payable in any Reference Period is expected to align with the Fair Allocation Amount determined in respect of such Reference Period; or
 - (vi) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.
- (e) ~~It is further~~ Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless: (i) the Issuer with respect to any amount for which the Issuer agrees to indemnify the Manager hereunder; or (ii) the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

~~The Manager agrees to indemnify, defend and hold harmless the Indenture Trustee from and against any and all liabilities which may be imposed on, incurred by or asserted against the Indenture Trustee as the result of any wilful misconduct or gross negligence relating to the maintenance and custody by the Manager, as custodian, of the Investment Interest Records; provided that (a) the Manager will have the exclusive right to compromise or defend, through counsel selected and retained by the Manager, any such liabilities or related claims at its own expense, which decision will be binding upon the Indenture Trustee and (b) the Manager shall not be liable for any portion of any liability resulting from the wilful misconduct, bad faith or gross negligence of the Indenture Trustee.~~

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is ~~not~~ a ~~non~~-resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7 TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and ~~8.3~~8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8 MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the

Indenture, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 ~~8.1~~ Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 ~~8.2~~ Amendments and Waivers

- (a) Subject to Section ~~8.2~~8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.
- (b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.
- (c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4

~~8.3~~ Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5

~~8.4~~ No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6

~~8.5~~ Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

- (a) in the case of the Issuer:



Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: ■
Attention: ■

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

or such other address or email address as may hereafter be furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 ~~8.6~~ **Recourse to Issuer Trustee and the Issuer**

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 ~~8.7~~ **Severability**

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 ~~8.8~~ **Execution of Counterparts; Electronic Delivery**

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by

electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 **~~8.9~~ Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 **~~8.10~~ Grant of Security Interest to Indenture Trustee**

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder.

[Remainder of page intentionally left blank.]

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

■ **FAIR HYDRO TRUST**, by its sole
trustee-■ **COMPUTERSHARE TRUST**
COMPANY OF CANADA

as Issuer

By:

Name:

Title:

By:

Name:

Title:

ONTARIO POWER GENERATION INC.
as Manager

By:

Name:

Title:

By:

Name:

Title:

ACKNOWLEDGED AND ACCEPTED:

 **BNY TRUST COMPANY OF
CANADA**

as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: ■ [Computer Share Trust Company of Canada](#), (the “**Issuer Trustee**”) in its capacity as issuer trustee of ■ [Fair Hydro Trust](#) (the “**Issuer**”)

Ontario Power Generation Inc., as manager (the “**Manager**”) appointed by the Issuer Trustee under the Management Agreement dated ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the “**Management Agreement**”), confirms, on behalf of the Issuer, the following:

- (a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.
- (b) All debt obligations and expenses due and payable by the Issuer have been paid to date.
- (c) All required filings with tax and regulatory authorities have been completed to date.
- (d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.

as Manager

By:

Name:

Title:

By:

Name:

Title:

Document comparison by Workshare Compare on November-10-17 8:03:39 PM

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Inserted cell	
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Split/Merged cell	
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Moved to	5
Style change	0
Format changed	0
Total changes	258

MASTER TRANSFER AND SERVICING AGREEMENT

between

~~{FINANCING ENTITY}~~ FAIR HYDRO TRUST

as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Transferor and Servicer

Dated as of ■, 2017

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EXHIBIT

Exhibit A	–	Form of Transfer Notice
Exhibit B	–	Form of Monthly Report
Exhibit C	–	Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

~~FINANCING ENTITY~~ FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the “**Issuer**”)

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the “**Transferor**” in its capacity as transferor, the “**Servicer**”, in its capacity as servicer, and the “**IESO**” in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the “**Act**”) for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the “**Regulatory Asset**”);

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

“**Act**” has the meaning ascribed thereto in the recitals;

“**Agreement**” means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions “herein”, “hereof”, “hereto”, “hereunder” and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

“**Billing Period**” means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

“**Board**” means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

“**Carrying Costs**” has the meaning ascribed to the term “carrying costs” in the Regulations;

“**CEA Consumer Invoice Amounts**” means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

“**Clean Energy Adjustment**” has the meaning ascribed to the term “clean energy adjustment” in the Act;

“**Closing Date**” means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

“Co-Owner Agreement” means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

“Co-Owner Implementation Date” means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

“Collection Account” means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

“Daily Remittance Event” means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

“Declaration of Trust” means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

“Electricity Vendor” has the meaning ascribed to the term “electricity vendor” in the Act;

“Electricity Vendor CEA Collections” means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

“Electricity Vendor Billing Period Report” means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

- (a) its total CEA Consumer Invoice Amounts in such Billing Period;
- (b) its total Electricity Vendor CEA Collections during such Billing Period; and
- (c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

“Eligible Deposit Account” means an account in Canada with an Eligible Institution;

“Eligible Institution” means:

- (a) at any time before the Co-Owner Implementation Date, an “Eligible Institution” as defined in the Indenture; and
- (b) at any time on or after the Co-Owner Implementation Date, an “Eligible Institution” as defined in the applicable Co-Owner Agreement;

“Fair Hydro Variance Account” means the variance account established by the IESO pursuant to Section 24(1) of the Act;

“**Financing Entity**” has the meaning ascribed to the term “financing entity” in the Act;

“**Funding Obligation**” has the meaning ascribed to the term “funding obligation” in the Act;

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

“**IESO**” or “**Independent Electricity System Operator**” means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act*, 1998, SO, 1998;

“**IESO Deferral**” has the meaning ascribed to the term “IESO deferral” in the Act;

“**IESO Disclosure**” has the meaning ascribed thereto in Section 5.7;

“**IESO Segregated Account**” has the meaning ascribed thereto in Section 3.3(a);

“**Indemnified Losses**” has the meaning ascribed thereto in Section 6.1(a);

“**Indemnified Party**” has the meaning ascribed thereto in Section 6.1(a);

“**Indenture**” means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

“**Indenture Trustee**” means ■ [BNY Trust Company of Canada](#), a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

“**Insolvency Event**” means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within [45] days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

“**Investment Asset**” has the meaning ascribed to the term “investment asset” in the Act;

“**Investment Interest**” has the meaning ascribed to the term “investment interest” in the Act;

“**Issuer**” means ■ [Fair Hydro Trust](#), a trust formed under the laws of the Province of Ontario;

“**Issuer Funding Obligations**” means the Funding Obligations of the Issuer;

“**Issuer Investment Interest**” means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

“**Issuer Share**” means:

- (a) at any time before the Co-Owner Implementation Date, 100%; and
- (b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

“**Issuer Trustee**” means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

“**Lien**” means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

“**Management Agreement**” means the management agreement dated ■, 2017 between the Manager and the Issuer;

“**Manager**” means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

“**Minister**” means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

“**Monthly Carrying Costs**” has the meaning ascribed thereto in Section 3.13(b);

“**Monthly Carrying Costs Statement**” has the meaning ascribed thereto in Section 3.13(b);

“**Monthly Report**” has the meaning ascribed thereto in Section 3.4(a);

“**Officer’s Certificate**” means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section [10.01] of the Indenture;

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

“**Opinion of Counsel**” means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

“Permitted Successor” means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

“Permitted Transfer” means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

“Prescribed Period” has the meaning ascribed thereto in Section 3.13(a);

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding;

“Program Agreements” has the meaning ascribed thereto in the Indenture;

“Purchase Price” has the meaning ascribed thereto in Section 2.1(c);

“Rating Agency” has the meaning ascribed thereto in the Indenture;

“Rating Agency Condition” has the meaning ascribed thereto in the Indenture;

“Records” has the meaning ascribed thereto in Section 7.1;

“Regulations” means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

“Regulatory Asset” has the meaning ascribed thereto in the recitals;

“Remittance Date” means, in respect of each Billing Period, the [18th] Business Day following the last day of each Billing Period;

“Required Servicer Rating” means a rating of “Baa3” or higher by Moody’s Investors Service, Inc. (or any successor thereof) and a rating of “BBB(low)” or higher by DBRS Limited (or any successor thereof);

“Requirement of Law” means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

“Responsible Officer” means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

“**Servicer**” means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

“**Servicer CEA Receipts**” has the meaning ascribed thereto in Section 3.3(e);

“**Servicer Default**” has the meaning ascribed thereto in Section 7.1;

“**Specified Consumer**” has the meaning ascribed to the term “specified consumer” in the Act;

“**Specified Creditors**” has the meaning ascribed thereto in the Indenture;

“**Specified Portion**” means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

“**Successor Servicer**” has the meaning ascribed thereto in Section ~~3.07(e)~~ of the Indenture;

“**Supplemental Indenture**” means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

“**Termination Event**” has the meaning ascribed thereto in Section ~~3.9~~[3.10](#);

“**Termination Notice**” has the meaning ascribed thereto in Section 7.1;

“**Transfer**” has the meaning ascribed to the term “transfer” in Section 1(3) of the Act, and “**Transferred**” has a corresponding meaning;

“**Transfer Notice**” means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

“**Transferor**” means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

- (a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

- (b) The term “**including**” means “including without limitation”, and other forms of the verb “**include**” have correlative meanings.
- (c) All references to any Person shall include such Person’s permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.
- (d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word “**from**” means “**from and including**” and each of the words “**to**” and “**until**” means “**to but excluding**”.
- (e) The words “**hereof**”, “**herein**” and “**hereunder**” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.
- (f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.
- (g) The word “**will**” shall be construed to have the same meaning and effect as the word “**shall**”. The word “**or**” is not exclusive.

ARTICLE 2

TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

- (a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.
- (b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

- (c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the “**Purchase Price**”) which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the [5th] Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.
- (d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor’s offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.
- (e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by ~~bank~~-wire transfer or ~~bank~~ electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.
- (f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.
- (g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

- (a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:
 - (i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:
 - (A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and
 - (B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.
[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]
- (b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:
 - (i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;
 - (ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;
 - (iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO

contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

- (iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);
- (v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and
- (vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3 ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in ~~this Agreement~~ Section 3.6 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. ~~The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.~~

3.2 Forecasts and Other Information

The IESO shall:

- (a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;
- (b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations

or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

- (c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, ~~that is in the possession or control of the Transferor or~~ which is reasonably available ~~on request~~ to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

- (a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the “**IESO Segregated Account**”) bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;
- (b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to cause each Electricity Vendor to:
 - (i) ~~provide guidance to the Electricity Vendors with respect to their obligations under the Act to~~ establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;
 - (ii) ~~provide~~settle a ~~suggested~~ form of Electricity Vendor Billing Period Report to be used by such Electricity ~~Vendors;~~ Vendor;
 - (iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and
 - (iv) respond to inquiries from Electricity Vendors with respect to ~~such forms and guidance~~ any of the foregoing matters.

- (c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;
- (d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;
- (e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the “**Servicer CEA Receipts**”);
- (f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;
- (g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;
- (h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;
- (i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.3(d), ~~and such other discrepancies as may be agreed by the parties hereto, acting reasonably;~~
- (j) contact each Electricity Vendor:
 - (i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;
 - (ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,
 - (iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,
 - (iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) ~~(iv)~~ that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

~~in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;~~

and attempt to resolve the applicable issue; and

- (k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

- (a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a “**Monthly Report**”);
- (b) Report ~~report~~ monthly to the Issuer any ~~failure on the part of Electricity Vendors to deliver, remit or certify~~ matters referred to in Section 3.3(j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the) which have not been resolved and any explanation provided therefor by the Electricity Vendor-;
- (c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer’s ability to perform its duties and obligations under this Agreement; and
- (d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

- (a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

- (b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.
- (c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered or recoverable by the Servicer pursuant to sections 25(1) and 25.1 of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25(1) and 25.1 of the *Electricity Act, 1998*; provided, however, that this Section 3.6 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.7 ~~3.6~~ Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section ~~3.6~~3.7.

- (a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.
- (b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO~~;~~.
- (c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.
- (d) IESO ~~shall~~is not ~~be~~ responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such

payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor- and any other reporting in the Electricity Vendor Billing Period Report.

- (e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.
- (f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.
- (g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.
- (h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.8 ~~3.7~~ Servicing and Maintenance Standards

Subject to Section ~~3.6~~3.7, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.9 ~~3.8~~ Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the

Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section ~~3.10~~3.12.

3.10 ~~3.9~~ Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

~~3.10~~ **Resignation of Servicer**

~~The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.~~

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer

substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

- (a) The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the prescribed period set out in the Regulations (the “**Prescribed Period**”) and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer on a monthly basis.
- (b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a “**Monthly Carrying Costs Statement**”) certifying the amount of the Carrying Costs incurred in the preceding calendar month (“**Monthly Carrying Costs**”). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.
- (c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to \$■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section ~~3.63.7~~, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

- (a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.
- (b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.
- (c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

- (d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).
- (e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.
- (f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.
- (g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.
- (h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

- (i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.
- (j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.
- (k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.
- (l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).
- (m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:
 - (i) reasonably believes that it will be able to pay its debts as they come due; and
 - (ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.
- (n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5 COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

- (a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.
- (b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

- (c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).
- (d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the “**IESO Disclosure**”) as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the “**Offering Documents**”), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6 IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

- (a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an “**Indemnified Party**”), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, “**Indemnified Losses**”) imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure

by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

- (b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section ~~3.10~~3.12 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.
- (c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

- (d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.
- (e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

ARTICLE 7 SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a “**Servicer Default**”) shall occur and be continuing:

- (a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;
- (b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;
- (c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;
- (d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

- (e) any additional “Servicer Default” as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a “**Termination Notice**”), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the “**Records**”). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO’s rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

- (a) Upon the Servicer’s receipt of a Termination Notice pursuant to Section 7.1 or the Servicer’s resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer’s removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the

Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

- (b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8 MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at

the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

- (a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel

Email: ■

- (b) in the case of the Issuer or the Manager (on behalf of the Issuer):

~~{Financing Entity}~~ Fair Hydro Trust

c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

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

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

- (a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.
- (b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the

Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

- (c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

~~FINANCING ENTITY~~ FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By:
Name:
Title:

By:
Name:
Title:

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR
as Transferor and Servicer**

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A
FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: ~~FINANCING ENTITY~~ [Fair Hydro Trust](#)
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Master Transfer and Servicing Agreement**”) between ~~FINANCING ENTITY~~ [FAIR HYDRO TRUST](#), a trust formed under the laws of the Province of Ontario (the “**Issuer**”), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** (“**Transferor**” in its capacity as transferor, “**Servicer**”, in its capacity as servicer, and “**IESO**” in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor’s Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer [or electronic funds transfer](#) in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: \$■

Purchase Price: \$■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

- (i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;
- (ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and
- (iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by ~~bank~~-wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

~~FINANCING ENTITY~~ FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By:

Name:

Title:

By: _____

Name:

Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR
as Transferor**

By:

Name:

Title:

By: _____

Name:

Title:

EXHIBIT B
FORM OF MONTHLY REPORT

[NTD: form to be settled]

EXHIBIT C
FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Master Transfer and Servicing Agreement**”) between ~~FINANCING ENTITY~~ FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario (the “**Issuer**”) and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** (“**Transferor**” in its capacity as transferor, “**Servicer**”, in its capacity as servicer, and “**IESO**” in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

~~FINANCING ENTITY~~ FAIR HYDRO
TRUST, by its Manager, **ONTARIO**
POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on November-10-17 8:33:00 PM

Input:	
Document 1 ID	file:///C:/Users/bsaulnie/Desktop/Blackline Against\MTSA (November 7th Rating Agency Draft).DOCX
Description	MTSA (November 7th Rating Agency Draft)
Document 2 ID	file:///C:/Users/bsaulnie/AppData/Local/Temp/Workshare\wmttemp54bc\Master Transfer and Servicing Agreement.docx
Description	Master Transfer and Servicing Agreement
Rendering set	Firm_Standard

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

Statistics:	
	Count
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Deletions	86
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	179

**~~FIRST~~ [SENIOR ~~NOTES~~ SERIES [2017-1]
SUPPLEMENTAL INDENTURE**

between

~~[ISSUER]~~ FAIR HYDRO TRUST

by

♦ COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

♦ BNY TRUST COMPANY OF CANADA
as Indenture Trustee

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

AND PROVIDING FOR THE ISSUE OF
●% SENIOR NOTES DUE ● ~~(SENIOR NOTES,~~ SERIES 2017-1)
OF ~~[ISSUER]~~ FAIR HYDRO TRUST

Made as of ●, 2017

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●% SENIOR NOTES DUE ●~~(SENIOR NOTES, SERIES 20072017-1)~~

THIS ~~FIRST~~~~(SENIOR NOTES)~~ SUPPLEMENTAL INDENTURE (this “Supplemental Indenture”) is made as of ●, 2017, between ●Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust, a trust existing under the laws of the Province of Ontario (the “Issuer”) and ●BNY Trust Company of Canada, a trust company existing under the laws of ~~Canada~~ (the “Indenture Trustee”).

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

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Senior Notes designated as the ●% Senior Notes due ●, ~~(Series 2017-1)~~ (the “Series 2017-1 Senior Notes”);

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

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

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are

applicable only in respect of the Series 2017-1 Senior Notes and not the Senior Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2 SERIES 2017-1 SENIOR NOTES

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Senior Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the “●% Senior Notes due ●, ~~(Series 2017-1)-1.~~”

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes will:

- (a) be designated as set out in Section 2.1;
- (b) be ~~a Series of~~ Senior Notes ~~as contemplated by the Trust Indenture; and will not be subordinated to any other~~ Class, Series or Tranche of Notes;
- (c) not be divided into Tranches;
- (d) [be unlimited in principal amount but initially]~~[NTD: To be discussed]~~ will have an aggregate principal amount of \$● to be issued on the date hereof, provided that the principal amount of the Series 2017-1 Senior Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 Senior Notes or any holder of any Notes of any other Class, Series or Tranche;
- (e) be denominated in Canadian dollars;
- (f) not be listed on any securities exchange;
- (g) be issued in the form of a Global Note;
- ~~(h) be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;~~
- (h) ~~(i)~~ be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;
- (i) ~~(j)~~ bear interest at a rate of ●% per annum;

(j) ~~(k)~~ accrue interest from the later of: (i) ●, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;

(k) ~~(l)~~ have interest paid in equal semi-annual instalments [(except the initial interest payment)] on ~~●-and-●~~ the Payment Dates occurring in the months of April and October in each year (each, an “Interest Payment Date”) commencing ~~●~~ with the Payment Date occurring in the month of [April/October], 2018 in respect of the Series 2017-1 Senior Notes issued prior to such date ~~[NTD: Interest Payment Dates to be considered in context of model];~~

~~(m) [have an initial interest payment in the amount of \$● per \$1,000 principal amount payable on ●, 2018;]~~

(l) ~~(n)~~ mature on, and have ● [NTD: select a Payment Date], as their sole Principal Payment ~~Due~~ Date;

(m) ~~(o)~~ have ● as their Principal Payment Default Date;

(n) ~~(p)~~ have ● as their Principal Accumulation ~~Commencement~~ Date;

(o) have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

<u>Payment Date</u>	<u>Principal Accumulation Amount</u>
<u>Payment Date in the months of ●</u>	<u>\$●</u>
<u>Payment Date in the months of ●</u>	<u>\$●</u>
<u>Payment Date in the months of ●</u>	<u>\$●</u>
<u>Payment Date in the months of ●</u>	<u>\$●</u>
<u>Principal Payment Date</u>	<u>\$●</u>

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

(q) ~~(r)~~ [be redeemable and subject to repurchase as provided in Section 2.6 below]; and

(r) ~~(s)~~ [not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture].

2.3 Delivery

On the date of issuance of the Series 2017-1 Senior Notes, Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2017-1 Senior Notes) will ~~(i) on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 Senior Note as of the Record Date, or (ii) on the day that is two Business Days before each Interest Payment Date, forward or cause to be forwarded to the registered address of each holder of a Series 2017-1 Senior Note as of the Record Date a cheque for such interest, less any taxes required by law to be deducted or withheld, payable to the order of such holder.~~ The payment by such wire transfer ~~or forwarding of such cheque~~ will satisfy and discharge the liability for interest upon such Series 2017-1 Senior Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid) ~~unless any such cheque is not paid on presentation.~~ Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

~~[On the] [At least one Business Day prior to the]~~ By 10:00 a.m. (Toronto time) on the Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 Senior Notes on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2017-1 Senior Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 Senior Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 Senior Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 Senior Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 Senior Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 Senior Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an “**Issuer Indemnified Person**”) from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer ~~indemnified person~~ Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys’ fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer ~~indemnified person~~ Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section [7.04] or Section [8.13] of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

~~[NTD: Subject to tax review]~~

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of, ~~any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (collectively, “Taxes”)~~ Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other ~~taxes~~ Taxes based on or measured by the net income of any ~~Series 2017-1 Noteholder (but specifically excluding any taxes required to be withheld under Section 1446 of the Internal Revenue Code of 1986 (as amended, the “Code”))~~ person legally entitled to receive such payments (each a “Recipient”) as a result of a present or former connection between the ~~recipient~~ Recipient and the jurisdiction of the ~~governmental~~

~~authority~~Governmental Authority imposing such ~~tax~~Taxes (other than any such connection arising solely from the ~~recipient~~Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); ~~and (ii) any Taxes imposed under FATCA (as defined below) (including in the case of (i) and (ii))~~(ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "AEOI Legislation"); and (iii) any interest, penalties and additions to ~~tax~~Taxes in respect of (i) and (ii) (all such excluded ~~taxes~~Taxes being hereinafter called "Excluded Taxes"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a ~~recipient~~Recipient hereunder, the amounts so payable to the ~~recipient~~Recipient shall be increased, and the ~~recipient~~Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the ~~recipient~~Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. ~~Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest and Fees shall be increased by the amount of such increase.~~ Whenever any Taxes are payable on or with respect to amounts distributed to a ~~recipient~~Recipient, as promptly as possible thereafter the Issuer shall send to such ~~recipient~~Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to ~~U.S. federal withholding Tax imposed by provisions of Chapter 4 of the Code ("FATCA") if the recipient of such payment~~withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of ~~FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such recipient~~any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law ~~(including as prescribed by Section 1471(b)(3)(C)(i) of the Code)~~ and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with ~~their~~its obligations under ~~FATCA~~any AEOI Legislation and to determine that such ~~recipient~~Recipient has complied with ~~it's~~its obligations under ~~FATCA~~any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a ~~recipient~~Recipient expires or becomes obsolete or inaccurate in any respect, the ~~recipient~~Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

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

such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

2.9 Conditions Precedent to Issuance of Series 2017-1 Senior Notes

On or prior to the initial issuance of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 Senior Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its [**Book-Based System**] for the benefit of the [**Beneficial Holders**] upon receipt by the Indenture Trustee of a [**Written Order**].

(d) The Series 2017-1 Senior Notes will have been rated [AAA(sp)] by DBRS and [Aaa(sp)] by Moody's.

2.10 Acceleration Events

[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.]

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

(a) no Termination Event has occurred or would result from the ~~initial~~ purchase of the Issuer Investment Interest on the date hereof;

(b) the Issuer Trustee and the Issuer are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all ~~tax~~Tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material ~~taxes~~Taxes, assessments and other governmental charges in respect of the Issuer;

- (d) the Issuer has not changed its name ~~and the Declaration of Trust has neither been amended nor rescinded other than as consented to by the holders of the Series 2017-1 Senior Notes;~~
- (e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest; and
- (f) ~~all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects;~~ to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.
- (g) ~~there has been no material adverse change in the condition (financial or otherwise), business, operations, results of operations, or the property of the Issuer; and~~
- (h) ~~the Issuer does not own or hold, directly or indirectly, any shares or equity security of, or any equity interest in, any Person.~~

3.2 Survival

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

ARTICLE 4 GENERAL

4.1 Acceptance of Trust

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

4.2 Confirmation of Trust Indenture

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

4.3 Indenture Trustee Not Bound to Act

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

circumstances are rectified to the Indenture Trustee's satisfaction within 15 Business Days of the receipt of such notice of resignation, then such notice shall not be effective.

4.4 Successor and Assigns

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

4.5 Specified Creditors

The ~~Issuer and the~~ Indenture Trustee (on behalf of the Series 2017-1 Noteholders) ~~acknowledge~~hereby acknowledges and ~~agree~~agrees that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section ~~7.06~~[7.11] (Payments Held in Trust), Section ~~8.12~~[8.12] (Limitation on Suits), Sections ~~7.04 and 8.13~~[7.04 and 8.13] (Payment Priorities), Section ~~8.15~~[8.14] (Limited Recourse) and Section ~~17.01~~[16.01] (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

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

4.9 Entire Agreement

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

specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

4.10 Governing Law and Attornment

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

4.11 Expenses

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

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that  [Computershare](#) Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or

other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

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

4.15 Delivery of Executed Copies

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

[signature page follows]

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

●FAIR HYDRO TRUST, by ●~~TRUST~~
~~COMPANY OF CANADA~~, as Issuer Trustee

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

●BNY TRUST COMPANY OF CANADA,
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

~~[NTD: Detailed signing pages to be prepared.]~~

SCHEDULE A

DEFINITIONS

~~Code~~AEOL Legislation has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Excluded Taxes” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“FATCA” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Government of Canada Yield” on any date means, in respect of the Series 2017-1 Senior Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● **[par call date]** (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 Senior Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer~~;~~.

“Interest Payment Date” has the meaning specified in Section 2.2(l) of this Supplemental Indenture.

“Issuer Indemnified Person” ~~is defined~~ has the meaning specified in Section 2.7.

“Recipient” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Requisite Series 2017-1 Noteholders” means Series 2017-1 Noteholders holding, in aggregate, at least **[50]**% of the Series 2017-1 Senior Notes then Outstanding.

“Series 2017-1 Canada Yield Price” means a price equal to the price of the Series 2017-1 Senior Notes calculated to provide a yield to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%~~;~~.

“Series 2017-1 Noteholder” means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

“Series 2017-1 Redemption Date” ~~“~~means a date fixed for redemption of the Series 2017-1 Senior Notes pursuant to Section ● of the Trust Indenture.

“Series 2017-1 Senior Note” means any one of the Series 2017-1 Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

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

~~**“Taxes”** has the meaning specified in Section 2.8(a) of this Supplemental Indenture.~~

“Termination Event” means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B
[FORM OF NOTE]
SERIES 2017-1 SENIOR NOTE



Document comparison by Workshare Compare on November-10-17 8:33:52 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Blackline Against\46490618_1.doc
Description	46490618_1
Document 2 ID	file://C:\Users\bsaulnie\AppData\Local\Temp\Workshare\wmtmp1f34\Supplemental Indenture (Long Term Senior).doc
Description	Supplemental Indenture (Long Term Senior)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	139
Deletions	131
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	274

**SENIOR SERIES 2017-1
SUPPLEMENTAL INDENTURE**

between

FAIR HYDRO TRUST

by

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

and

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

and

●

as Administrative Agent

and

**CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS**

Made as of ●, 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the “**Issuer Trustee**”), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the “**Issuer**”), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the “**Indenture Trustee**”), ●, in its capacity as the administrative agent for the Purchaser Groups (the “**Administrative Agent**”), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions

of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2 PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the “**Floating Rate Variable Funding Senior Notes, Series 2017-1.**”

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

- (a) will be designated as set out in Section 2.1;
- (b) will be Senior Notes;
- (c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;
- (d) will not be issued in Classes or Tranches;
- (e) will be denominated in Canadian dollars;
- (f) will not be listed on any securities exchange;
- (g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;
- (h) will be issued as definitive notes and will not be in the form of a Global Note;
- (i) will be issued as Registered Notes and will be without coupons;
- (j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

- (k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;
- (l) will have each Payment Date as an Interest Payment Date;
- (m) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;
- (n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and
- (o) will have no minimum issue amount.

ARTICLE 3

NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) **Initial Purchases.** Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) **Maximum Purchaser Group Principal Amounts.** Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any

unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to [December 15, 2017], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the “Closing Date”); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than [3:00 p.m.] (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the “Series 2017-1 Initial Principal Amount”); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount

equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an “**Increase**”), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the “**Increase Date**” applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an “**Increase Notice**”) no later than **[3:00 p.m.]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an “**Increase Amount**”), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a “**Transfer Increase**”) or is in respect of a Refinancing (a “**Refinancing Increase**”). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group’s Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

- (i) such Purchaser Group’s Commitment Percentage of such Increase Amount is (A) equal to ~~\$1,000,000~~ or more, or (B) if less than ~~\$1,000,000~~, 1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and
- (ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase

Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer

pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a “**Delayed Funding Purchaser Group**”) shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date. ~~[NTD: the definition of “Non-Deferrable Draw Amount” includes a percentage (currently [10]%) that represents the amount that cannot be deferred by the dealers. OPC should make a proposal as to this percentage.]~~

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a “**Non-Delayed Funding Purchaser Group**”) to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group’s proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:

- (i) As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; [NTD: OPG would like to understand what this account is needed for] and
- (ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than [3:00 p.m.] (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than [1:00 p.m.] (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.08(a)(i) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Notes pursuant to Sections 7.04(e)(iii) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Accumulation and Repayment of Principal

- (a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:
- (i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and
 - (ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.
- (b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Notes. On each Principal Payment Date in respect of the Series 2017-1 Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections **7.04(e)(iv)(A)**, **7.06(a)** or **8.13(d)** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an “**Issuer indemnified person**”) from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04]** or **[8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

- (a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other

Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a “**Recipient**”) as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the “**AEOI Legislation**”); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called “**Excluded Taxes**”). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than ~~one year~~ ninety (90) days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

- (b) The Administrative Agent and each of the Funding Agents shall have received:
- (i) executed copies of the Fee Letter, this Supplemental Indenture, ~~the Manager Indemnity~~ and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;
 - (ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;
 - (iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;
 - (iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;
 - (v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;
 - (vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);
 - (vii) the following Opinions of Counsel:
 - (A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;
 - (B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;
 - (C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

- (D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;
 - (viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section [12.01] of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and
 - (ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.
- (c) The representations and warranties set forth in Section [12.01] of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.
- (d) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.
- (e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.
- (f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full [(or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made)]. ~~[NTD: to be discussed]~~.
- (g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

- (a) the Administrative Agent shall have received an Increase Notice;
- (b) no Termination Event shall have occurred or would occur after giving effect to such Increase;
- (c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;
- (d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; and
- (e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

- (a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;
- (b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;
- (d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;
- (e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and
- (f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

- (a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;
- (b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of \$150,000; and
- (c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 – Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6 COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than ~~[49]~~**twenty-five percent (25)%** of the aggregate outstanding principal amount of all Issuer Funding Obligations. [NTD: OPG has discussed with Dealers.]

(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders, such consent not to be unreasonably withheld or delayed.

(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

[NTD: OPG understands that there will be another covenant that following Principal Payment Due Date proceeds of any financings must be applied to repay these notes in priority to any other use of funds.]

ARTICLE 7 AGENTS

7.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and

statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a “notice of a Termination Event”. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the

Administrative Agent, and the terms “Group Bank,” and “Funding Agent” shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days’ notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term “Administrative Agent” shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent’s notice of resignation, the retiring Administrative Agent’s resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent’s resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser’s name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or

such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any

such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8 GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if

impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an “**Acquiring Group Bank**”) pursuant to a transfer supplement, substantially in the form of Exhibit H (the “**Transfer Supplement**”), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities (“**Group Bank Participants**”) participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to

the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an “**Acquiring Purchaser Group**”) pursuant to a transfer supplement, substantially in the form of Exhibit I (the “**Purchaser Group Supplement**”), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities (“**Non-Conduit Purchaser Participants**”) participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser’s obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a “**Transferee**”) and any prospective Transferee any and all financial information in such Group Bank’s or Non-Conduit Purchaser’s possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank’s credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

8.2 Waiver

Without limiting the requirements of Section [11.02] of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article [15] of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

●

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section [7.06] (Payments Held in Trust), Section [8.12] (Limitation on Suits), Sections [7.04 and 8.13] (Payment Priorities), Section [8.14] (Limited Recourse) and Section [16.01] (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers;

and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a “due diligence” defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group’s or the Administrative Agent’s obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody’s and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental

Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

8.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that  **Computershare** Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.13 Execution in Counterparts

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

8.14 Delivery of Executed Copies

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

[signature page follows]

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

[FAIR HYDRO TRUST], as Issuer

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By:

Name:

Title:

By:

Name:

Title:

● **TRUST COMPANY OF CANADA**, as
Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

●,

By:

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

“**Acceleration Event**” means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable ~~[pursuant to Section [8.02] of the Trust Indenture-].~~ [NTD: Consider if it is worth having a separate definition of Acceleration Event for this Series aside from what happens under 8.02 of the Trust Indenture.]

“**Administrative Agent**” shall have the meaning specified in the preamble to this Supplemental Indenture.

“**AEOI Legislation**” has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

“**Affected Party**” means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

“**Applicable Margin**” is defined in the Fee Letter.

“**Authorized Officer**” means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director or officer of OPG; (c) the IESO, any authorized director or officer of the IESO; ~~(ed)~~ the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer’s knowledge and familiarity with the particular subject).

“**Bail-In Action**” shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“**Bail-In Legislation**” shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“**Basel III**” means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled “A Global Regulatory Framework for More Resilient Banks and Banking Systems” developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

“**Billing Period**” has the meaning specified in the Master Transfer and Servicing Agreement; [NTD: Consider if this can be replaced with Interest Period wherever it occurs.]

“CDOR” means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers’ acceptances for a 1 month period appearing on the “Reuters Screen CDOR Page” (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers’ acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

“Closing Date” is defined in Section 3.3(a).

“Code” is defined in Section 3.10(a).

“Commercial Paper” means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

“Commitment” means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

“Commitment Expiry Date” means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

“Commitment Fee” is defined in Section 3.6(b).

“Commitment Fee Rate” is defined in the Fee Letter.

“Commitment Percentage” means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group’s Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

“Conduit Assignee” means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).

“CP Conduit Funded Amount” means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

“CP Conduit Purchaser” means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

“CP Conduit Purchaser Group” means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

“CP Conduit Rating Agencies” means, with respect to any CP Conduit Purchaser, each of DBRS and Moody’s and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

“CP Rate” means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

“Decrease” is defined in Section 3.4(a).

“Decrease Amount” is defined in Section 3.4(a).

“Deferrable Increase Notice” means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

“Delayed Amount” is defined in Section 3.3(e).

“Delayed Funding Date” is defined in Section 3.3(e).

“Delayed Funding Notice” is defined in Section 3.3(e).

“Delayed Funding Purchaser Group” is defined in Section 3.3(e).

“Delayed Funding Reimbursement Amount” means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an

Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

“EEA Financial Institution” shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

“EEA Resolution Authority” shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegate) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means a financial institution having short-term debt ratings of at least “A-1” from Standard & Poor’s and “P-1” from Moody’s.

“EU Bail-In Legislation Schedule” shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Excluded Taxes” shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

“FATCA” has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

“Fee Letter” means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

“Funding Agent” means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

“Group Bank” means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).

“Group Bank Funded Amount” means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

“Group Bank Participants” is defined in Section 8.1(d).

“Group Monthly Fees and Other Amounts” shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

“Group Monthly Interest” means, with respect to each Interest Period and:

- (a) any CP Conduit Purchaser Group, the sum of:
 - (i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus
 - (ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus
 - (iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.
- (b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

“Increase” is defined in Section 3.3(a).

“**Increase Amount**” is defined in Section 3.3(a).

“**Increase Date**” is defined in Section 3.3(a).

“**Increase Notice**” is defined in Section 3.3(a).

“**Interest Period**” means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

“**Issuer indemnified person**” is defined in Section 3.8.

“**Issuer indemnified person**” is defined in Section 3.8

~~“**Manager Indemnity**” means an indemnity agreement from the Manager in favour of the Purchaser Groups, the Funding Agents and the Administrative Agent with respect to losses resulting from the failure of the Issuer to perform its obligations under the Program Agreements other than losses resulting from insufficient funds being transferred to the Issuer, in form and substance satisfactory to the Purchaser Groups, the Funding Agents and the Administrative Agent.~~

“**Maximum Purchaser Group Principal Amount**” means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

“**Monthly Interest**” shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

“**Monthly Fees and Other Amounts**” shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.

“**Monthly Interest Shortfall**” means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

“**Monthly Fees and Other Amounts Shortfall**” means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section

3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

“**Non-Conduit Purchaser**” means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

“**Non-Conduit Purchaser Group**” means a Non-Conduit Purchaser.

“**Non-Conduit Purchaser Participants**” is defined in Section 8.1(f).

“**Non-Deferrable Draw Amount**” means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) ~~10% of the Maximum Purchaser Group Principal Amount with respect to~~ the product of (i) \$100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [NTD: ~~The percentage in (a)(x) above is intended to represent the non-deferrable amount~~ OPG would like an aggregate Non-Deferrable Draw Amount of \$100 million at all times.]

“**Non-Deferrable Increase Notice**” means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

“**Non-Delayed Funding Purchaser Group**” is defined in Section 3.3(f).

“**Optional Termination Date**” is defined in Section 3.4.

“**Optional Termination Notice**” is defined in Section 3.4.

“**Prime Rate**” means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its “prime rate.”

“**Principal Accumulation Amount**” means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) \$●, and (y) the Series 2017-1 Principal Amount.

“**Principal Accumulation Date**” means the Payment Date occurring in the month of ●, [2021].

“Principal Payment Amount” means, in respect of the Series 2017-1 Notes:

- (a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;
- (b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and
- (c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

“Pro Rata Share” means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

“Program Support Provider” means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser’s securitization program.

“Purchaser Group” means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

“Purchaser Group Increase Amount” means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group’s Commitment Percentage of the Increase Amount, if any, on such Business Day.

“Purchaser Group Principal Amount” means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group’s Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

“Purchaser Group Supplement” is defined in Section 8.1(e).

“Rating Agency Condition” means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

“Recipient” has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

“Refinancing Increase” is defined in Section 3.3(a).

“Regulatory Change” shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a “Regulatory Change”, regardless of the date enacted, adopted, issued or implemented.

“Related Non-Conduit Purchaser” means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

“Related Purchaser Group” means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

“Requisite Series 2017-1 Noteholders” means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

“Scheduled Commitment Expiry Date” means, ●, as such date may be extended in accordance with Section 3.5(c). [NTD: two years out.]

“Series 2017-1 Initial Principal Amount” is defined in Section 3.3(a).

“Series 2017-1 Maximum Principal Amount” means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

“Series 2017-1 Noteholder” means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

“Series 2017-1 Principal Amount” means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

“Series 2017-1 Principal Payment Due Date” means ●. [NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?]

“Series 2017-1 Principal Payment Default Date” means ●. [NTD: the “cure period” number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]

“Series 2017-1 Senior Note” means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

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

“Support Facility” shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

“Termination Event” means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

“Transfer Increase” is defined in Section 3.3(a).

“**Transfer Supplement**” is defined in Section 8.1(c).

“**Transferee**” is defined in Section 8.1(g).

“**Trust Indenture**” means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

“**Write-Down and Conversion Powers**” shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B
[FORM OF NOTE]
SERIES 2017-1 SENIOR NOTE

●

SCHEDULE C
FORM OF INCREASE NOTICE

●

SCHEDULE D
FORM OF DECREASE NOTICE

●

SCHEDULE E
PURCHASER GROUPS

●

Document comparison by Workshare Compare on November-10-17 8:35:25 PM

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Document 1 ID	file:///C:/Users/bsaulnie/Desktop/Blackline Against/Warehouse Supplement - Nov 6, 2017 (Osler).docx
Description	Warehouse Supplement - Nov 6, 2017 (Osler)
Document 2 ID	file:///C:/Users/bsaulnie/AppData/Local/Temp/Workshare/wmtemp47c4/Supplemental Indenture (Short Term Senior).docx
Description	Supplemental Indenture (Short Term Senior)
Rendering set	Firm_Standard

Legend:	
<u>Insertion</u>	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Deletions	57
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	98

**~~SENIOR~~SUBORDINATED SERIES [2017-1]
SUPPLEMENTAL INDENTURE**

between

FAIR HYDRO TRUST

by

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

and

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

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

**AND PROVIDING FOR THE ISSUE OF
●% ~~SENIOR~~SUBORDINATED NOTES DUE ●, SERIES 2017-1
OF FAIR HYDRO TRUST**

Made as of ●, 2017

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●% ~~SENIOR~~SUBORDINATED NOTES DUE ●, SERIES 2017-1

THIS ~~SENIOR~~SUBORDINATED NOTES SUPPLEMENTAL INDENTURE (this “Supplemental Indenture”) is made as of ●, 2017, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the “**Issuer**”) and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the “**Indenture Trustee**”).

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

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of ~~Senior~~Subordinated Notes designated as the ●% ~~Senior~~Subordinated Notes due ●, Series 2017-1 (the “**Series 2017-1 ~~Senior~~Subordinated Notes**”);

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

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

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 ~~Senior~~Subordinated Notes,

amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 ~~Senior~~Subordinated Notes and not the ~~Senior~~Subordinated Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 ~~Senior~~Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 ~~Senior~~Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2 SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTES

2.1 Creation of Series 2017-1 ~~Senior~~Subordinated Notes

There is hereby created a Series of ~~Senior~~Subordinated Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the “●%-~~Senior~~Subordinated Notes due ●, Series 2017-1.”

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 ~~Senior~~Subordinated Notes will:

- (a) be designated as set out in Section 2.1;
- (b) be ~~Senior~~Subordinated Notes and will not be subordinated to any other Class, Series or Tranche of Notes other than all Senior Notes;
- (c) not be divided into Tranches;
- (d) **[be unlimited in principal amount but initially]****[NTD: To be discussed]** will have an aggregate principal amount of \$● to be issued on the date hereof, provided that the principal amount of the Series 2017-1 ~~Senior~~Subordinated Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 ~~Senior~~Subordinated Notes or any holder of any Notes of any other Class, Series or Tranche;
- (e) be denominated in Canadian dollars;
- (f) not be listed on any securities exchange;
- (g) be issued in the form of a Global Note; [NTD: To be confirmed.]
- (h) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;
- (i) bear interest at a rate of ●% per annum;

- (j) accrue interest from the later of: (i) ●, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;
- (k) have interest paid in equal semi-annual instalments **[(except the initial interest payment)]** on the Payment Dates occurring in the months of April and October in each year (each, an “**Interest Payment Date**”) commencing with the Payment Date occurring in the month of **[April/October]**, 2018 in respect of the Series 2017-1 ~~Senior~~Subordinated Notes issued prior to such date;
- (l) mature on, and have ● **[NTD: select a Payment Date]**, as their sole Principal Payment Date;
- (m) have ● as their Principal Payment Default Date;
- (n) have ● as their Principal Accumulation Date;
- (o) have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Date	Principal Accumulation Amount
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Principal Payment Date	\$●

- (p) have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date;
- (q) **[be redeemable and subject to repurchase as provided in Section 2.6 below];** and
- (r) **[not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture].**

2.3 Delivery

On the date of issuance of the Series 2017-1 ~~Senior~~Subordinated Notes, Series 2017-1 ~~Senior~~Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2017-1 ~~Senior~~Subordinated Notes) will on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 ~~Senior~~Subordinated Note as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2017-1 ~~Senior~~Subordinated Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 ~~Senior~~Subordinated Notes on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2017-1 ~~Senior~~Subordinated Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 ~~Senior~~Subordinated Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 ~~Senior~~Subordinated Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 ~~Senior~~Subordinated Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 ~~Senior~~Subordinated Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 ~~Senior~~Subordinated Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 ~~Senior~~Subordinated Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 ~~Senior~~Subordinated Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an “**Issuer Indemnified Person**”) from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys’ fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section [7.04] or Section [8.13] of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a “**Recipient**”) as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the “**AEOI Legislation**”); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called “**Excluded Taxes**”). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment

of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

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

2.9 Conditions Precedent to Issuance of Series 2017-1 ~~Senior~~Subordinated Notes

On or prior to the initial issuance of Series 2017-1 ~~Senior~~Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Series 2017-1 ~~Senior~~Subordinated Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 ~~Senior~~Subordinated Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its [Book-Based System] for the benefit of the [Beneficial Holders] upon receipt by the Indenture Trustee of a [Written Order]. [INTD: To be confirmed.]

~~(d) The Series 2017-1 Senior Notes will have been rated [AAA(sp)] by DBRS and [Aaa(sp)] by Moody's.~~

2.10 Acceleration Events

[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.]

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

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

3.2 Survival

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

ARTICLE 4 GENERAL

4.1 Acceptance of Trust

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

4.2 Confirmation of Trust Indenture

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

4.3 Indenture Trustee Not Bound to Act

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

4.4 Successor and Assigns

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

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2017-1 Noteholders) hereby acknowledges and agrees that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section [7.11] (Payments Held in Trust), Section [8.12] (Limitation on Suits), Sections [7.04 and 8.13] (Payment Priorities), Section [8.14] (Limited Recourse) and Section [16.01] (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any

such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

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

4.10 Governing Law and Attornment

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

4.11 Expenses

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

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust

activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 ~~Senior~~Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

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

4.15 Delivery of Executed Copies

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

[signature page follows]

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

FAIR HYDRO TRUST, by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

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

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

“**FATCA**” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“**Government of Canada Yield**” on any date means, in respect of the Series 2017-1 ~~Senior~~Subordinated Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● [par call date], compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● [par call date] (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 ~~Senior~~Subordinated Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

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

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

“**Recipient**” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“**Requisite Series 2017-1 Noteholders**” means Series 2017-1 Noteholders holding, in aggregate, at least [50]% of the Series 2017-1 ~~Senior~~Subordinated Notes then Outstanding.

“**Series 2017-1 Canada Yield Price**” means a price equal to the price of the Series 2017-1 ~~Senior~~Subordinated Notes calculated to provide a yield to ● [par call date], compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%.

“**Series 2017-1 Noteholder**” means a Person in whose name a Series 2017-1 ~~Senior~~Subordinated Note is registered in the Note Register.

“**Series 2017-1 Redemption Date**” means a date fixed for redemption of the Series 2017-1 ~~Senior~~Subordinated Notes pursuant to Section ● of the Trust Indenture.

“**Series 2017-1 ~~Senior~~Subordinated Note**” means any one of the Series 2017-1 ~~Senior~~Subordinated Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

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

“Termination Event” means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTE



Document comparison by Workshare Compare on November-10-17 8:17:19 PM

Input:	
Document 1 ID	file:///C:/Users/bsaulnie/Desktop/Blackline to\Supplemental Indenture (Long Term Senior).doc
Description	Supplemental Indenture (Long Term Senior)
Document 2 ID	file:///C:/Users/bsaulnie/Desktop/Blackline to\Supplemental Indenture (Long Term Subordinated).doc
Description	Supplemental Indenture (Long Term Subordinated)
Rendering set	Firm_Standard

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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	70
Deletions	74
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	144

~~SENIOR~~SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and



~~as Administrative Agent~~

~~and~~

~~CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS~~

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of ●, 2017

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**FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTES**

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the “**Issuer Trustee**”), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the “**Issuer**”), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the “**Indenture Trustee**”), ~~●and Ontario Power Generation Inc.~~, in its capacity as the ~~administrative agent for the purchaser (the “Purchaser Groups (the “Administrative Agent”), the Non-Conduit Purchasers from time to time party hereto, the CP Conduit Purchasers from time to time party hereto, and the Funding Agents for the CP Conduit Purchaser Groups from time to time party hereto.”);~~

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ■, in its capacity as the administrative agent for certain purchaser groups (the “Administrative Agent”), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the “Senior Series 2017-1 Supplemental Indenture”), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the “Series 2017-1 Senior Notes”);

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 ~~Senior~~Subordinated Notes;

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

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

- (a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.
- (b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 ~~Senior~~Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 ~~Senior~~Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 ~~Senior~~Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 ~~Senior~~Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2 PRINCIPAL TERMS

2.1 Creation of Series 2017-1 ~~Senior~~Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the “**Floating Rate Variable Funding** ~~Senior~~Subordinated Notes, Series 2017-1.”

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 ~~Senior~~Subordinated Notes:

- (a) will be designated as set out in Section 2.1;
- (b) will be ~~Senior~~Subordinated Notes;
- (c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;
- (d) will not be issued in Classes or Tranches;
- (e) will be denominated in Canadian dollars;
- (f) will not be listed on any securities exchange;

- (g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;
- (h) will be issued as definitive notes and will not be in the form of a Global Note;
- (i) will be issued as Registered Notes and will be without coupons;
- (j) will be ~~Senior~~Subordinated Notes and will not be subordinated to any other Series, Class or Tranche of Notes other than all Senior Notes;
- (k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;
- (l) will have each Payment Date as an Interest Payment Date;
- (m) will have a Principal Payment ~~Due~~ Date that is the Series 2017-1 Senior Principal Payment ~~Due~~ Date;
- (n) will have a Principal Payment Default Date that is the Series 2017-1 Subordinated Principal Payment Default Date; and
- (o) will have no minimum issue amount.

ARTICLE 3 NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the ~~Purchasers~~Purchaser

- (a) **Initial ~~Purchases~~Purchase.** Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, ~~(i) each Non-Conduit~~the Purchaser shall ~~purchase, and each CP Conduit Purchaser may, in its sole discretion,~~ purchase a Series 2017-1 ~~Senior~~Subordinated Note in an amount equal to ~~all or a portion of its Commitment Percentage of~~ the Series 2017-1 Initial Subordinated Principal Amount on any Business Day during the period from the date hereof to and including [December 15, 2017], ~~and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with~~

~~the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers, Payments by the Purchaser for such purchase~~ shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(~~dc~~).

(b) ~~Series 2017-1 Maximum Purchaser Group Subordinated Principal Amounts~~Amount. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall ~~at the Purchaser Group~~ be required to ~~make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time~~purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date ~~(or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture)~~, Series 2017-1 ~~Senior~~Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture ~~(i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser~~name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount.

(b) The ~~Administrative Agent~~Purchaser shall maintain a record of the actual ~~Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Subordinated~~ Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding ~~Purchaser Group Principal Amounts and outstanding~~ Series 2017-1 Subordinated Principal Amount from time to time. ~~Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.~~

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to [December 15, 2017], ~~in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit~~concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the

Purchaser ~~hereby agrees, that it will~~shall purchase, a Series 2017-1 ~~Senior~~Subordinated Note for an initial purchase price equal to the ~~Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial~~ Subordinated Principal Amount ~~upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "Closing Date"); provided, however, that the Issuer shall have given the Administrative Agent by giving the Purchaser~~ (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than [3:00 p.m.] (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 ~~Senior~~Subordinated Notes shall ~~(x) state (x) the Closing Date, and (y) state the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "Series 2017-1 Initial~~ Subordinated Principal Amount"); and (ii) ~~subject to Section 3.3(e), and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section [3.3(a)] of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii)~~ on any Business Day ~~during the period from~~after the initial purchase of the Series 2017-1 ~~Senior~~Subordinated Notes hereunder ~~to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated~~ Principal Amount ~~with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "Increase"), upon the request of the Issuer~~not to exceed the product of (i) the Series 2017-1 Senior Increase on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "Increase Date" applicable to such Increase); ~~provided, however, that the Issuer shall have given the Administrative Agent and (ii) [ninety-eight] percent [(98)]% (an "Increase") by the Issuer providing the Purchaser~~ (with a copy to the Indenture Trustee) irrevocable ~~(other than as specified in Section 3.3(e))~~ written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "Increase Notice") no later than [3:00 p.m.] (Toronto time) on ~~(A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "Increase Amount"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and (y) state whether the Increase is to fund a Transfer (a "Transfer Increase") or is in respect of a Refinancing (a "Refinancing Increase"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date, and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section [3.3(a)] of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.~~

(b) ~~If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank~~

~~with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser. The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder unless after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount is not exceeded.~~

~~(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:~~

- ~~(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to \$1,000,000 or more, or (B) if less than \$1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and~~
- ~~(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;~~

~~(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than [5:00 p.m.] (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the~~

~~Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).~~

~~(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its “liquidity coverage ratio” calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a “**Delayed Funding Notice**”) on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the “**Delayed Amount**”) on a Business Day that is on or before the thirty third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the “**Delayed Funding Date**”) rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer’s delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a “**Delayed Funding Purchaser Group**”) shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.~~

~~(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a “**Non-Delayed Funding Purchaser Group**”) to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group’s proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser~~

~~Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.~~

~~(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).~~

~~(c)~~ ~~(h)~~ The Issuer shall apply amounts paid to it pursuant to ~~Sections~~Section 3.3(d) and 3.3(fa) in the following order of priority:

- (i) ~~[As to an amount equal to ●% of the amounts paid to pursuant to Sections~~Section 3.3(d) and 3.3(fa), by deposit to the Program Cash Reserve Account; ~~and]~~ ~~[NTD: OPG would like to understand what~~Discuss how ~~this account is needed for] and to be funded.]~~
- (ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount; ~~Optional Termination~~

~~(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group~~On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased ~~on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount~~by an amount not to exceed the product of (i) the Series 2017-1 Senior Decrease on such Business Day, and (ii) [ninety-eight] percent [(98)]% (a "Decrease"), upon

~~the request of the Issuer.~~ Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the “**Decrease Date**” applicable to such Decrease; ~~provided, however, that~~ and the Issuer shall ~~have given~~provide to the ~~Administrative Agent~~Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a “**Decrease Notice**”) no later than [3:00 p.m.] (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall ~~state~~ (x) state the Decrease Date, ~~and~~ (y) state the ~~proposed~~ amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a “**Decrease Amount**”), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section [3.4] of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder.

~~(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP-Conduit Purchaser Group, no later than [1:00 p.m.] (Toronto time) on the Business Day received.~~

~~(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an “Optional Termination Notice”) to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the “Optional Termination Date”) set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP-Conduit Purchaser Group thereof.~~

3.5 Increases and Reductions of the ~~Commitments~~2017-1 Maximum Subordinated Principal Amount

~~(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase. If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section [3.5(a)] of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Subordinated Maximum Principal Amount shall be automatically increased by an amount equal to [ninety-eight] percent [(98)]% of such aggregate increase to the Maximum Purchaser Group Principal Amounts pursuant to Section [3.5(a)] of the Senior Series 2017-1 Supplemental Indenture. [NTD: Consider whether in senior warehouse supplemental if section 5.01 CPs must be met and new note issued. We are missing mechanic if so.]~~

~~(b) On any Business Day, the Issuer may, upon two (2) Business Days’ prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof; provided that no such termination or reduction shall be~~

~~permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.~~ If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section [3.5(b)] of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased by an amount equal to [ninety-eight] percent [(98)]% of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section [3.5(b)] of the Senior Series 2017-1 Supplemental Indenture. [NTD: Consider if new note to be issued. We are missing mechanic if so.]

~~(e) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.~~

3.6 Interest; ~~Fees and~~ Other Amounts

(a) Interest shall be payable on the Series 2017-1 ~~Senior~~Subordinated Notes on each Payment Date.

~~(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "Commitment Fee") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date. (e) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.~~

(c) ~~(d)~~ The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (SeniorSubordinated) for the purposes of Section [7.04(e)(iiiix)] of the Trust Indenture and shall be payable pursuant to Sections [7.05(a)(b), 7.08(a)(iii) or 8.13(c)] of the Trust Indenture, as applicable. On each Payment Date, the Monthly ~~Fees and~~ Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections [7.04(e)(iiiix) or 8.13(eh)] of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to ~~each CP Conduit~~the Purchaser ~~Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and~~the Monthly Other Amounts with respect to the Payment Date; ~~provided that if the amounts available to pay~~

~~such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.~~

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Subordinated Notes:

- (i) for each Payment Date before the Principal Accumulation Date or an Acceleration Event, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; ~~and~~
- (ii) for each Payment Date on or after the Principal Accumulation Date prior to the occurrence of an Acceleration Event, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date; and
- (iii) for each Payment Date following the occurrence of an Acceleration Event, the Principal Accumulation Amount shall be the Series 2017-1 Subordinated Principal Amount.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to ~~each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Purchaser~~ the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 ~~Senior~~Subordinated Notes pursuant to Sections ~~7.04(e)(iv)(Ax), 7.06(ab) or 8.13(di)~~ of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, ~~the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit~~ and the Purchaser and each of their respective officers, directors, agents and employees (each, an “~~Issuer indemnified person~~ Indemnified Person”) from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer ~~indemnified person~~ Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys’ fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely

from funds available pursuant to Section [7.04] or [8.13] of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

~~(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.~~

~~(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.~~

3.9 ~~3.10~~ Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a “**Recipient**”) as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the “**AEOI Legislation**”); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called “**Excluded Taxes**”). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable

hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the ~~Group~~ Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section ~~3-10~~3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 ~~3-11~~ Increased Costs

(a) (i) If any Regulatory Change (x) subjects ~~any Affected Party~~the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or ~~an Affected Person~~the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to ~~any Affected Person~~the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of ~~an Affected Person~~the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of ~~an Affected Person~~the Purchaser, or credit extended by ~~an Affected Person~~the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to ~~an Affected Person~~the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on ~~an Affected Person~~the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by ~~an Affected Person~~the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by ~~such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser~~

~~or Group Bank)~~the Purchaser of a written request therefore to the Issuer, ~~such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank)~~the Purchaser shall be entitled to be paid, such amounts charged to ~~such Affected Party~~the Purchaser or such amounts to otherwise compensate ~~such Affected~~the Purchaser for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section ~~3.11~~3.10(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that ~~any Affected Party~~the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on ~~such Affected Party~~the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section ~~3.11~~3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the ~~related Funding Agent, for the benefit of Affected Party~~Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the ~~Affected Party~~Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) ~~an Affected Party~~the Purchaser shall not be compensated for any such amount pursuant to this subsection ~~3.11~~3.10(a)(ii) relating to any period ending, and of which ~~such Affected Party~~the Purchaser has had knowledge, more than ninety (90) days prior to the date that ~~such Affected Party~~the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection ~~3.11~~3.10(a)(ii), (III) if, after the payment by the ~~Trust~~Issuer of any charges or compensation pursuant to this subsection ~~3.11~~3.10(a)(ii), either (A) the Issuer requests in writing that the ~~applicable Affected Party~~Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the ~~applicable Affected Party~~the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection ~~3.11~~3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) ~~such Affected Party~~the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection ~~3.11~~3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by ~~such Affected Party~~the Purchaser.

(b) ~~Each Affected Party~~The Purchaser claiming increased amounts described in subsection ~~3.11~~3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by ~~such Affected Party~~the Purchaser for any such increased amounts referred to in subsection ~~3.11~~3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of ~~any Affected Party~~the Purchaser to demand compensation for any amount pursuant to subsection ~~3.11~~3.10(a) hereof with respect to

any period shall not constitute a waiver of ~~such Affected Party~~ the Purchaser's right to demand compensation with respect to such period.

3.11 Acceleration Events

[NTD: To be conformed with Senior Supplemental Indenture.]

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 ~~Senior~~ Subordinated Notes

On or prior to the initial purchase of Series 2017-1 ~~Senior~~ Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

- (a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.
- (b) The ~~Administrative Agent and each of the Funding Agents~~ Purchaser shall have received:
 - (i) executed copies of ~~the Fee Letter~~, this Supplemental Indenture and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;
 - (ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;
 - (iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;
 - (iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;
 - (v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;
 - (vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates ~~the Administrative Agent and the Purchaser-Groups~~ shall be entitled to conclusively rely until such time as the ~~Administrative Agent and the Funding Agents receive~~ Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(b)(vi);
 - (vii) the following Opinions of Counsel:

- (A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the ~~Administrative Agent and the Funding Agents~~ Purchaser;
 - (B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the ~~Administrative Agent and the Funding Agents~~ Purchaser;
 - (C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and
 - (D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement and the Change of Law Process Agreement in form and substance satisfactory to the ~~Administration Agent and the Funding Agents~~ Purchaser;
- (viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section [12.01] of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and
- (ix) such additional documents, instruments, certificates or letters as the ~~Administrative Agent or any Funding Agent~~ Purchaser may reasonably request.
- (c) The representations and warranties set forth in Section [12.01] of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.
- (d) The Series 2017-1 ~~Senior~~ Subordinated Notes shall have been duly issued in accordance with the Trust Indenture and ~~each Funding Agent and Non-Conduit~~ the Purchaser shall have received its Series 2017-1 ~~Senior~~ Subordinated Note registered in its name or a nominee in a face amount equal to ~~its~~ the Series 2017-1 Maximum ~~Purchaser Group~~ Principal Subordinated Amount.
- (e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.
- ~~(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).~~

~~(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.~~

4.2 Conditions Precedent to each Increase under Series 2017-1 ~~Senior~~Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

- (a) the ~~Administrative Agent~~Purchaser shall have received an Increase Notice;
- (b) no Termination Event shall have occurred or would occur after giving effect to such Increase; and
- ~~(e) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;~~
- (c) ~~(d)~~ if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; ~~and (e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.~~

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the ~~Administrative Agent and the Purchaser Groups~~ as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the ~~Administrative Agent and the Purchaser Groups~~ as of the Closing Date, and shall be deemed to represent and warrant to ~~the Administrative Agent and the Purchaser Groups~~ on each Increase Date, that:

- (a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;
- (b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;
- (d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;
- (e) all information provided to the ~~Administrative Agent and the Purchaser Groups~~ by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the ~~Purchasers~~~~Each Purchaser-Group member~~

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

- (a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;
- (b) it is purchasing the applicable Series 2017-1 ~~Senior~~Subordinated Notes (i) as principal for its own account and not for the benefit of any other “person” (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of \$150,000; and
- (c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 – Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6 COVENANTS

6.1 Covenants of the Issuer

- (a) The Issuer shall promptly provide to the ~~Administrative Agent, each Funding Agent and each Non-Conduit~~ Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.
- (b) The Issuer shall provide to the ~~Administrative Agent, each Funding Agent and each Non-Conduit~~ Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the ~~Administrative Agent, a Funding Agent or a Non-Conduit~~ Purchaser may from time to time reasonably request.
- (c) The Issuer shall furnish to the ~~Administrative Agent, each Funding Agent and each Non-Conduit~~ Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not ~~less~~more than ~~twenty-five~~forty-nine percent (~~25~~49)% of the aggregate outstanding principal amount of all Issuer Funding Obligations. ~~[NTD: OPG has discussed with Dealers.] (excluding Derivative Funding Obligations).~~

~~(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders, such consent not to be unreasonably withheld or delayed.~~

~~(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.~~

~~(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.~~

~~[NTD: OPG understands that there will be another covenant that following Principal Payment Due Date proceeds of any financings must be applied to repay these notes in priority to any other use of funds.]~~

ARTICLE 7 AGENTS

7.1 Administrative Agent

~~(a) Each of the Non-Conduit Purchasers, CP-Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP-Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.~~

~~(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.~~

~~(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.~~

~~(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.~~

~~(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.~~

~~(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own~~

~~decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP-Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP-Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP-Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.~~

~~(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.~~

~~(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If  shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.~~

7.2 Funding Agents

~~(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.~~

~~(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.~~

~~(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.~~

~~(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be~~

~~indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.~~

~~(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a “notice of a Termination Event,” as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.~~

~~(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.~~

~~(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent’s gross negligence or willful misconduct. The agreements in this Section shall~~

~~survive the payment of all amounts payable hereunder. ARTICLE 8~~
GENERAL

7.1 ~~8.1~~ Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of ~~all of the Series 2017-1 Noteholders;~~ (ii) ~~no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below;~~ (iii) ~~no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1;~~ and (iv) ~~no Group Bank may~~the Purchaser; and (ii) the Purchaser may, without the prior written consent of the Issuer, assign or transfer any of its rights or obligations under this Supplemental Indenture ~~except to a Program Support Provider or pursuant to clause (e), (d) or (e) below of this Section 8.1.~~ in the ordinary course of its business and in accordance with applicable law to another Person (each, a “Transferee”) pursuant to a transfer supplement, substantially in the form of Exhibit ■ (the “Transfer Supplement”).

(b) ~~Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser’s obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.~~

~~(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an “Acquiring Group Bank”) pursuant to a transfer supplement, substantially in the form of Exhibit H (the “Transfer Supplement”), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.~~

~~(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities (“Group Bank Participants”) participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank’s obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.~~

~~(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an “Acquiring Purchaser Group”) pursuant to a transfer supplement, substantially in the form of Exhibit I (the “Purchaser Group Supplement”), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.~~

~~(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities (“Non-Conduit Purchaser Participants”) participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser’s obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.~~

~~(b)~~ ~~(g)~~ The Issuer authorizes ~~each Group Bank and Non-Conduit~~the Purchaser to disclose to any ~~Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a “Transferee”)~~Transferee and any prospective Transferee any and all financial information in ~~such Group Bank’s or Non-Conduit~~the Purchaser’s possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to ~~such Group Bank~~the Purchaser by the Issuer or the Manager ~~in connection with such Group Bank’s credit evaluation of the Issuer and the Issuer Investment Asset.~~

~~(c)~~ ~~(h)~~ Notwithstanding any other provision of this Supplemental Indenture to the contrary, ~~any Non-Conduit~~the Purchaser, ~~any Group Bank or any Program Support Provider~~ may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 ~~Senior~~Subordinated Note and this Supplemental Indenture to secure obligations of ~~such Non-Conduit~~the Purchaser, ~~such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada~~ to any Person, without notice to or consent of the ~~Administrative Agent, the Issuer or the Administrator~~; provided that no such pledge or grant of a security interest shall release ~~a Non-Conduit~~the Purchaser ~~or an Group Bank~~ from any of its obligations hereunder or substitute any such pledgee or grantee for ~~such Non-Conduit~~the Purchaser ~~or such Group Bank~~ as a party hereto.

7.2 ~~8.2~~ Waiver

Without limiting the requirements of Section [11.02] of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental

Indenture will be effective (in whole or in part) unless in writing and signed by the ~~Requisite Series 2017-1 Noteholders~~ Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the ~~Requisite Series 2017-1 Noteholders~~ Purchaser.

7.3 ~~8.3~~ Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article [15] of the Trust Indenture; and (b) in the case of the ~~Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents~~ Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows ~~in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents~~; or to such other address as may be hereafter notified by the respective parties hereto:

~~Administrative Agent:~~ Purchaser:



Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

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

7.4 ~~8.4~~ No Waiver: Remedies

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

7.5 ~~8.5~~ Entire Agreement

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

7.6 ~~8.6~~ Governing Law and Attornment

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

7.7 ~~8.7~~ Acknowledgment of Trust Indenture and No Proceedings

The ~~Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby~~ Purchaser acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section [7.06] (Payments Held in Trust), Section [8.12] (Limitation on Suits), Sections [7.04 and 8.13] (Payment Priorities), Section [8.14] (Limited Recourse) and Section [16.01] (No Petition).

7.8 ~~8.8~~ Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, ~~the Administrative Agent and the Purchaser-Groups~~ all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for ~~the Administrative Agent and the Purchaser-Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements, with respect thereto;~~ (b) to the Indenture Trustee, ~~and the Administrative Agent and each Purchaser-Group,~~ all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, ~~and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers;~~ and (c) to the Indenture Trustee, ~~the Administrative Agent and each~~ the ~~Purchaser-Group,~~ on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the ~~Administrative Agent and each Purchaser-Group~~), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

7.9 ~~8.9~~ Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

7.10 ~~8.10~~ Confidentiality

(a) ~~Each~~ The ~~Purchaser-Group and the Administrative Agent~~ covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other

Program Agreements shall be held in confidence except that the Purchaser ~~Groups or Administrative Agent~~ may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, at the Purchaser ~~Group or the Administrative Agent, as applicable,~~ shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any the Purchaser ~~Group or the Administrative Agent;~~ (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by at the Purchaser ~~Group or the Administrative Agent;~~ (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information ~~(provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser);~~ (vi) for purposes of establishing a “due diligence” defense; (vii) which was available to at the Purchaser ~~Group or the Administrative Agent~~ on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser ~~Group or the Administrative Agent, as applicable,~~ bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by at the Purchaser ~~Group or the Administrative Agent~~ without violating any of the Purchaser ~~Group’s or the Administrative Agent’s~~ obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody’s and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture ~~(including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable, except as the~~ Purchaser ~~Group~~ may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody’s and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the ~~affected Administrative Agent or~~ Purchaser ~~Group~~ of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 ~~Senior~~Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

~~8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions~~

~~Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:~~

~~(a) the application of any Write Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and~~

~~(b) the effects of any Bail-in Action on any such liability, including, if applicable~~

~~(i) a reduction in full or in part or cancellation of any such liability;~~

~~(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or~~

~~(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.~~

7.11 ~~8.12~~ Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section ~~8.12~~7.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this

Supplemental Indenture. Nothing contained in this Section ~~8.12~~7.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 ~~Senior~~Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

7.12 ~~8.13~~ **Execution in Counterparts**

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

7.13 ~~8.14~~ **Delivery of Executed Copies**

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

[signature page follows]

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

~~{FAIR HYDRO TRUST}~~, as Issuer, by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By:

Name:

Title:

By: _____

Name:

Title:

● BNY TRUST COMPANY OF CANADA,
as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

● ONTARIO POWER GENERATION
INC., as Purchaser

By:

Name:

Title:

By:

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

“Acceleration Event” means the outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes have been declared or automatically become due and payable pursuant to Section [3.11] of the Senior Series 2017-1 Supplemental Indenture and the outstanding Dollar Principal Amount of ~~all Funding Obligations of~~ the Series 2017-1 ~~Senior~~ Subordinated Notes have been declared or automatically become due and payable ~~[pursuant to Section [8.02] of the Trust Indenture]. [NTD: Consider if it is worth having a separate definition of Acceleration Event for this Series aside from what happens under 8.02 of the Trust Indenture.]3.11.~~

“Administrative Agent” shall have the meaning specified in the ~~preamble~~ recitals to this Supplemental Indenture.

“AEOI Legislation” has the meaning specified in Section ~~3.10~~ 3.9(a) of this Supplemental Indenture.

~~“Affected Party” means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.~~

“Applicable Margin” ~~is defined in the Fee Letter~~ means ■.

“Authorized Officer” means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director or officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer’s knowledge and familiarity with the particular subject).

~~“Bail-In Action” shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.~~

~~“Bail-In Legislation” shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.~~

~~“Basel III” means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled “A Global Regulatory Framework for More Resilient Banks and Banking Systems” developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).~~

~~“Billing Period” has the meaning specified in the Master Transfer and Servicing Agreement; [NTD: Consider if this can be replaced with Interest Period wherever it occurs.]~~

“CDOR” means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers’ acceptances for a 1 month period appearing on the “Reuters Screen CDOR Page” (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers’ acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

“Closing Date” is defined in Section 3.3(a).

“Code” is defined in Section ~~3.10~~3.9(a).

~~“Commercial Paper” means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.~~

~~“Commitment” means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.~~

~~“Commitment Expiry Date” means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.~~

~~“Commitment Fee” is defined in Section 3.6(b).~~

~~“Commitment Fee Rate” is defined in the Fee Letter.~~

~~“Commitment Percentage” means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group’s Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.~~

~~“Conduit Assignee” means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of~~

~~the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).~~

~~“CP Conduit Funded Amount” means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.~~

~~“CP Conduit Purchaser” means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture~~

~~“CP Conduit Purchaser Group” means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.~~

~~“CP Conduit Rating Agencies” means, with respect to any CP Conduit Purchaser, each of DBRS and Moody’s and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.~~

~~“CP Rate” means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.~~

~~“Decrease” is defined in Section 3.4(a).~~

~~“Decrease Amount” is defined in Section 3.4(a).~~

~~“Deferrable Increase Notice” means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).~~

~~“Delayed Amount” is defined in Section 3.3(e).~~

~~“Delayed Funding Date” is defined in Section 3.3(e).~~

~~“Delayed Funding Notice” is defined in Section 3.3(e).~~

~~“Delayed Funding Purchaser Group” is defined in Section 3.3(e).~~

~~“Delayed Funding Reimbursement Amount” means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.~~

~~“EEA Financial Institution” shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.~~

~~“EEA Member Country” shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.~~

~~“EEA Resolution Authority” shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.~~

~~“Eligible Assignee” means a financial institution having short-term debt ratings of at least “A-1” from Standard & Poor’s and “P-1” from Moody’s.~~

~~“EU Bail-In Legislation Schedule” shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.~~

~~“Excluded Taxes” shall have the meaning specified in Section 3.103.9(a) of this Supplemental Indenture.~~

~~“FATCA” has the meaning specified in Section 3.103.9(a) of this Supplemental Indenture.~~

~~“Fee Letter” means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.~~

~~“Funding Agent” means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.~~

~~“Group Bank” means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the~~

~~Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).~~

~~“Group Bank Funded Amount” means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.~~

~~“Group Bank Participants” is defined in Section 8.1(d).~~

~~“Group Monthly Fees and Other Amounts” shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.~~

~~“Group Monthly Interest” means, with respect to each Interest Period and:~~

- ~~(a) any CP Conduit Purchaser Group, the sum of:~~
 - ~~(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus~~
 - ~~(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus~~
 - ~~(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.~~
- ~~(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.~~

~~For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group~~

~~Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.~~

“Increase” is defined in Section 3.3(a).

“Increase Amount” is defined in Section 3.3(a).

“Increase Date” is defined in Section 3.3(a).

“Increase Notice” is defined in Section 3.3(a).

“Indenture Trustee” shall have the meaning specified in the recitals to this Supplemental Indenture.

“Interest Period” means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

“Issuer ~~indemnified person~~” shall have the meaning specified in the recitals to this Supplemental Indenture.

“Issuer Indemnified Person” is defined in Section 3.8.

“Issuer ~~indemnified person~~” is defined in Section 3.8 Trustee” shall have the meaning specified in the recitals to this Supplemental Indenture.

“Maximum Purchaser Group Principal Amount” means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5. shall have the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

“Monthly Interest” shall mean, for any Payment Date, ~~the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b)~~ (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual

interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

~~“Monthly Fees and Other Amounts” shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.~~

“Monthly Interest Shortfall” means, for any Payment Date ~~and a Purchaser Group~~, if the amount in clause (A) of the Group definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(~~dc~~), an amount equal to the Group amount in clause (A) of the definition of Monthly Interest owing to ~~such the~~ Purchaser ~~Group~~ which ~~were was~~ unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

~~“Monthly Fees and Other Amounts” shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 7.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.~~

“Monthly Other Amounts Shortfall” means, for any Payment Date ~~and a Purchaser Group~~, if the amount of the Monthly ~~Fees and~~ Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(~~dc~~), an amount equal to the Monthly ~~Fees and~~ Other Amounts owing to ~~such the~~ Purchaser ~~Group~~ which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

~~“Non-Conduit Purchaser” means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.~~

~~“Non-Conduit Purchaser Group” means a Non-Conduit Purchaser.~~

~~“Non-Conduit Purchaser Participants” is defined in Section 8.1(f).~~

~~“Non-Deferrable Draw Amount” means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) \$100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such~~

~~Increase Date. [NTD: OPC would like an aggregate Non-Deferrable Draw Amount of \$100 million at all times.]~~

~~“Non-Deferrable Increase Notice” means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).~~

~~“Non-Delayed Funding Purchaser Group” is defined in Section 3.3(f).~~

~~“Optional Termination Date” is defined in Section 3.4.~~

~~“Optional Termination Notice” is defined in Section 3.4.~~

“Prime Rate” means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its “prime rate.”

“Principal Accumulation Amount” means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) \$●, and (y) the Series 2017-1 Subordinated Principal Amount.

“Principal Accumulation Date” means the Payment Date occurring in the month of ●, [2021].

“Principal Payment Amount” means, in respect of the Series 2017-1 Subordinated Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Subordinated Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Subordinated Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Subordinated Principal Payment ~~Due~~ Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

~~“Pro Rata Share” means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.~~ Purchaser” shall have the meaning specified in the recitals to this Supplemental Indenture.

~~“Program Support Provider” means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser’s securitization program.~~

~~“Purchaser Group” means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.~~

~~“Purchaser Group Increase Amount” means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group’s Commitment Percentage of the Increase Amount, if any, on such Business Day.~~

~~“Purchaser Group Principal Amount” means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group’s Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.~~

~~“Purchaser Group Supplement” is defined in Section 8.1(e).~~

~~“Rating Agency Condition” means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.~~

~~“Recipient” has the meaning specified in Section 3.10~~**3.9**~~(a) of this Supplemental Indenture.~~

~~“Refinancing Increase” is defined in Section 3.3(a).~~

“Regulatory Change” shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any

change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a “Regulatory Change”, regardless of the date enacted, adopted, issued or implemented.

~~“Related Non-Conduit Purchaser” means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.~~ Senior Series 2017-1 Supplemental Indenture” shall have the meaning specified in the recitals to this Supplemental Indenture.

~~“Related Purchaser Group” means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.~~ Series 2017-1 Initial Senior Principal Amount” means the “Series 2017-1 Initial Principal Amount” as defined in the Senior Series 2017-1 Supplemental Indenture.

~~“Requisite Series 2017-1 Noteholders” means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).~~ Series 2017-1 Initial Subordinated Principal Amount” means an amount equal to [ninety-eight percent (98%)] of the Series 2017-1 Initial Senior Principal Amount

~~“Scheduled Commitment Expiry Date” means, ●, as such date may be extended in accordance with Section 3.5(e). [NTD: two years out.]~~

~~“Series 2017-1 Initial Principal Amount” is defined in Section 3.3(a).~~

~~“Series 2017-1 Maximum Principal Amount” means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.~~

~~“Series 2017-1 Noteholder” means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.~~

~~“Series 2017-1 Principal Amount” means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.~~
“Series 2017-1 Maximum Senior Principal Amount” means the “Series 2017-1 Maximum Principal Amount” as defined in the Senior Series 2017-1 Supplemental Indenture.

“Series 2017-1 Maximum Subordinated Principal Amount” means an amount equal to [ninety-eight percent (98%)] of the Series 2017-1 Maximum Senior Principal Amount.

“Series 2017-1 Senior Decrease” means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

“Series 2017-1 Senior Increase” means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

“Series 2017-1 Senior Notes” shall have the meaning specified in the recitals to this Supplemental Indenture.

“Series 2017-1 Senior Principal Payment Due Date” means ●■. [NTD: the date upon which the Series 2017-1 Senior Notes become due and payable—~~a date after May 1, 2021?~~]

~~“Series 2017-1 Principal Payment Default Date” means ●. [NTD: the “cure period” number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]~~
“Series 2017-1 Senior Subordinated Note” means any one of the Floating Rate Variable Funding Senior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

~~“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.~~
“Series 2017-1 Subordinated Principal Amount” means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

“Series 2017-1 Subordinated Principal Payment Default Date” means ■. [NTD: likely later than the Series 2017-1 Senior Principal Payment Default Date.]

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

“**Support Facility**” shall mean any liquidity or credit support agreement with ~~a CP Conduit~~the Purchaser which relates to, or is otherwise available to ~~such CP Conduit~~the Purchaser in relation to its funding activities under, this Supplemental Indenture.

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

“**Transfer Increase**” is defined in Section 3.3(a).

“**Transfer Supplement**” is defined in Section ~~8.1~~7.1(~~ea~~).

“**Transferee**” is defined in Section ~~8.1~~7.1(~~gb~~).

“**Trust Indenture**” means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

~~“**Write Down and Conversion Powers**” shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.~~

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTE



SCHEDULE C
FORM OF INCREASE NOTICE

●

SCHEDULE D
FORM OF DECREASE NOTICE



SCHEDULE E
PURCHASER GROUPS



Document comparison by Workshare Compare on November-10-17 8:18:02 PM

Input:	
Document 1 ID	file:///C:/Users/bsaulnie/Desktop/Blackline to\Supplemental Indenture (Short Term Senior).DOCX
Description	Supplemental Indenture (Short Term Senior)
Document 2 ID	file:///C:/Users/bsaulnie/Desktop/Blackline to\Supplemental Indenture (Short Term Subordinated).docx
Description	Supplemental Indenture (Short Term Subordinated)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	369
Deletions	558
Moved from	13
Moved to	13
Style change	0
Format changed	0
Total changes	953

Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	1,764,706,000.00

Date Issued	Debt Type	Amount	Interest Rate
February 9, 2018	Senior debt	500,000,000.00	3.357%
February 9, 2018	Subordinated	382,353,000.00	3.637%
February 9, 2018	Junior subordinated	98,040,000.00	3.957%
April 24, 2018	Senior debt	400,000,000.00	3.520%
April 24, 2018	Subordinated	305,882,000.00	3.834%
April 24, 2018	Junior subordinated	78,431,000.00	4.214%

Maturity Date	Series Number	Comments
May 15, 2033	2018-1	
May 15, 2033	2018-1	
May 15, 2033	2018-1	
May 15, 2038	2018-2	
May 15, 2038	2018-2	
May 15, 2038	2018-2	

	Weighted Average	Ont Interest Rate - 30yr
Feb	3.526%	3.23%
Apr	3.712%	3.23%
Total	3.609%	

Source	
\\ofina.on.ca\ofadfs\Users\CEF\Hydro 2018\Fair Hydro Plan\FHT Funding\20180209\Letter to Province	
\\ofina.on.ca\ofadfs\Users\CEF\Hydro 2018\Fair Hydro Plan\FHT Funding\20180209\Letter to Province	
\\ofina.on.ca\ofadfs\Users\CEF\Hydro 2018\Fair Hydro Plan\FHT Funding\20180209\Letter to Province	

(Feb 12 rate)
(Apr 24 rate)

[e - Process Certificate.pdf](#)

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[e - Process Certificate.pdf](#)

April 19, 2018 Debt Financing

IESO Asset Purchase:
460,000,000.00
149,000,000.00
609,000,000.00
Remaining Balance from Previous:
198,607,000.00
Starting Balance:
807,607,000.00

Warehouse Funding

Senior debt	B=51% x A
Subordinated	39/51 X B
Junior subordinated	10/51 X B

Starting Balance

411,879,570.00
314,966,730.00
80,760,700.00
807,607,000.00

Term Debt Funding

Senior debt	51.00%
Subordinated	39.00%
Junior subordinated	10.00%

-

Total Funding

Senior debt	51.00%	411,879,570.00
Subordinated	39.00%	314,966,730.00
Junior subordinated	10.00%	80,760,700.00
		807,607,000.00

Term debt takeout
(980,392,156.86)

	Ending Balance	
(400,000,000.00)	11,879,570.00	51%
(305,882,000.00)	9,084,730.00	39%
(78,431,000.00)	2,329,700.00	10%
(784,313,000.00)	23,294,000.00	

400,000,000.00	400,000,000.00	51%
305,882,000.00	305,882,000.00	39%
78,431,000.00	78,431,000.00	10%
784,313,000.00	784,313,000.00	

-	411,879,570.00	51%
-	314,966,730.00	39%
-	80,760,700.00	10%
0.00	807,607,000.00	

February 6, 2018 Debt Financing

Initial Balance:
1,179,000,000.00

Warehouse Funding

		<u>Initial Balance</u>
Senior debt	B=51% x A	601,290,000.00
Subordinated	39/51 X B	459,810,000.00
Junior subordinated	10/51 X B	117,900,000.00
		<u>1,179,000,000.00</u>

Term Debt Funding

Senior debt	51.00%	
Subordinated	39.00%	
Junior subordinated	10.00%	
		<u>-</u>

Total Funding

Senior debt	51.00%	601,290,000.00
Subordinated	39.00%	459,810,000.00
Junior subordinated	10.00%	117,900,000.00
		<u>1,179,000,000.00</u>

Term debt takeout	Ending Balance	
(980,392,156.86)		
(500,000,000.00)	101,290,000.00	51%
(382,353,000.00)	77,457,000.00	39%
(98,040,000.00)	19,860,000.00	10%
(980,393,000.00)	198,607,000.00	
500,000,000.00	500,000,000.00	51%
382,353,000.00	382,353,000.00	39%
98,040,000.00	98,040,000.00	10%
980,393,000.00	980,393,000.00	
-	601,290,000.00	51%
-	459,810,000.00	39%
-	117,900,000.00	10%
0.00	1,179,000,000.00	

Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	1,764,706,000.00

Date Issued	Debt Type	Amount	Interest Rate
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February 9, 2018	Junior subordinated	98,040,000.00	3.957%
April 24, 2018	Senior debt	400,000,000.00	3.520%
April 24, 2018	Subordinated	305,882,000.00	3.834%
April 24, 2018	Junior subordinated	78,431,000.00	4.214%

Issuing Month	Weighted Average	Ont Interest Rate - 30yr	Notes
February 9, 2018	3.526%	3.23%	(Feb 12 rate)
April 24, 2018	3.712%	3.23%	(Apr 24 rate)
Total	3.609%		

Maturity Date	Series Number	Comments	Source
May 15, 2033	2018-1		Link
May 15, 2033	2018-1		Link
May 15, 2033	2018-1		Link
May 15, 2038	2018-2		Link
May 15, 2038	2018-2		Link
May 15, 2038	2018-2		Link

April 19, 2018 Debt Financing

IESO Asset Purchase:
460,000,000.00
149,000,000.00
609,000,000.00
Remaining Balance from Previous:
198,607,000.00
Starting Balance:
807,607,000.00

Warehouse Funding

Senior debt	B=51% x A
Subordinated	39/51 X B
Junior subordinated	10/51 X B

Starting Balance

411,879,570.00
314,966,730.00
80,760,700.00
807,607,000.00

Term Debt Funding

Senior debt	51.00%
Subordinated	39.00%
Junior subordinated	10.00%

-

Total Funding

Senior debt	51.00%	411,879,570.00
Subordinated	39.00%	314,966,730.00
Junior subordinated	10.00%	80,760,700.00
		807,607,000.00

Term debt takeout

(980,392,156.86)	Ending Balance	
(400,000,000.00)	11,879,570.00	51%
(305,882,000.00)	9,084,730.00	39%
(78,431,000.00)	2,329,700.00	10%
(784,313,000.00)	23,294,000.00	
400,000,000.00	400,000,000.00	51%
305,882,000.00	305,882,000.00	39%
78,431,000.00	78,431,000.00	10%
784,313,000.00	784,313,000.00	
-	411,879,570.00	51%
-	314,966,730.00	39%
-	80,760,700.00	10%
0.00	807,607,000.00	

February 6, 2018 Debt Financing

Initial Balance:
1,179,000,000.00

Warehouse Funding

		<u>Initial Balance</u>
Senior debt	B=51% x A	601,290,000.00
Subordinated	39/51 X B	459,810,000.00
Junior subordinated	10/51 X B	117,900,000.00
		<u>1,179,000,000.00</u>

Term Debt Funding

Senior debt	51.00%	
Subordinated	39.00%	
Junior subordinated	10.00%	
		<u>-</u>

Total Funding

Senior debt	51.00%	601,290,000.00
Subordinated	39.00%	459,810,000.00
Junior subordinated	10.00%	117,900,000.00
		<u>1,179,000,000.00</u>

Term debt takeout		
(980,392,156.86)	Ending Balance	
(500,000,000.00)	101,290,000.00	51%
(382,353,000.00)	77,457,000.00	39%
(98,040,000.00)	19,860,000.00	10%
(980,393,000.00)	198,607,000.00	
500,000,000.00	500,000,000.00	51%
382,353,000.00	382,353,000.00	39%
98,040,000.00	98,040,000.00	10%
980,393,000.00	980,393,000.00	
-	601,290,000.00	51%
-	459,810,000.00	39%
-	117,900,000.00	10%
0.00	1,179,000,000.00	

Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	1,764,706,000.00

Issuing Month	Weighted Average	Ont Yield - 30yr	Ont Yield - 30yr w/ Commission	Debt Issue Maturity	Ont Rate	Ont Rate - w/ Commission	Notes	Souce
February 9, 2018	3.526%	3.23%	3.25%	15 year	3.10%	3.14%	(Feb 9 Rate)	Link
April 24, 2018	3.712%	3.23%	3.26%	20 year	3.22%	3.25%	(Apr 24 rate)	Link
Total	3.609%							

Date Issued	Debt Type	Amount	Interest Rate	Maturity Date	Series Number	Comments	Source
February 9, 2018	Senior debt	500,000,000.00	3.357%	May 15, 2033	2018-1	Link	
February 9, 2018	Subordinated	382,353,000.00	3.637%	May 15, 2033	2018-1	Link	
February 9, 2018	Junior subordinated	98,040,000.00	3.957%	May 15, 2033	2018-1	Link	
April 24, 2018	Senior debt	400,000,000.00	3.520%	May 15, 2038	2018-2	Link	
April 24, 2018	Subordinated	305,882,000.00	3.834%	May 15, 2038	2018-2	Link	
April 24, 2018	Junior subordinated	78,431,000.00	4.214%	May 15, 2038	2018-2	Link	

Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	1,764,706,000.00

Fair Hydro Trust								Ontario Bond Yields									
Fair Hydro Trust Debt								Issuing Month	Weighted Average	30yr	30yr w/ Commission	Debt Issue Maturity	Ont Rate	Ont Rate - w/ Commission	Notes	Souce	
Date Issued	Type	Amount	Interest Rate	Maturity Date	Series Number	Comments	Source										
February 9, 2018	Senior debt	500,000,000.00	3.357%	May 15, 2033	2018-1		Link	February 9, 2018	3.526%	3.23%	3.25%	15 year	3.10%	3.14%	(Feb 9 Rate)	Link	
February 9, 2018	Subordinated	382,353,000.00	3.637%	May 15, 2033	2018-1		Link	April 24, 2018	3.712%	3.23%	3.26%	20 year	3.22%	3.25%	(Apr 24 rate)	Link	
February 9, 2018	Junior subordinated	98,040,000.00	3.957%	May 15, 2033	2018-1		Link	Total									3.609%
April 24, 2018	Senior debt	400,000,000.00	3.520%	May 15, 2038	2018-2		Link										
April 24, 2018	Subordinated	305,882,000.00	3.834%	May 15, 2038	2018-2		Link										
April 24, 2018	Junior subordinated	78,431,000.00	4.214%	May 15, 2038	2018-2		Link										

Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	1,764,706,000.00

Comparison to Ontario

Issuing Month
February 9, 2018
April 24, 2018
Total

Date Issued	Debt Type	Amount	Interest Rate	Maturity Date
February 9, 2018	Senior debt	500,000,000.00	3.357%	May 15, 2033
February 9, 2018	Subordinated	382,353,000.00	3.637%	May 15, 2033
February 9, 2018	Junior subordinated	98,040,000.00	3.957%	May 15, 2033
April 24, 2018	Senior debt	400,000,000.00	3.520%	May 15, 2038
April 24, 2018	Subordinated	305,882,000.00	3.834%	May 15, 2038
April 24, 2018	Junior subordinated	78,431,000.00	4.214%	May 15, 2038

ario Rates:

Weighted Average	Ont Yield - 30yr	Ont Yield - 30yr w/ Commission	Debt Issue Maturity	Ont Rate
3.526%	3.23%	3.25%	15 year	3.10%
3.712%	3.23%	3.26%	20 year	3.22%
3.609%				

Series Number	Comments	Source
2018-1		Link
2018-1		Link
2018-1		Link
2018-2		Link
2018-2		Link
2018-2		Link

Ont Rate - w/ Commission	Notes	Souce
3.14%	Feb 9 Rate - Sir	Link
3.25%	Apr 24 Rate	Link

April 19, 2018 Debt Financing

IESO Asset Purchase:
460,000,000.00
149,000,000.00
609,000,000.00
Remaining Balance from Previous:
198,607,000.00
Starting Balance:
807,607,000.00

Warehouse Funding

Senior debt	B=51% x A
Subordinated	39/51 X B
Junior subordinated	10/51 X B

Starting Balance

411,879,570.00
314,966,730.00
80,760,700.00
807,607,000.00

Term Debt Funding

Senior debt	51.00%
Subordinated	39.00%
Junior subordinated	10.00%

-

Total Funding

Senior debt	51.00%	411,879,570.00
Subordinated	39.00%	314,966,730.00
Junior subordinated	10.00%	80,760,700.00
		807,607,000.00

Term debt takeout

(980,392,156.86)	Ending Balance	
(400,000,000.00)	11,879,570.00	51%
(305,882,000.00)	9,084,730.00	39%
(78,431,000.00)	2,329,700.00	10%
(784,313,000.00)	23,294,000.00	
400,000,000.00	400,000,000.00	51%
305,882,000.00	305,882,000.00	39%
78,431,000.00	78,431,000.00	10%
784,313,000.00	784,313,000.00	
-	411,879,570.00	51%
-	314,966,730.00	39%
-	80,760,700.00	10%
0.00	807,607,000.00	

February 6, 2018 Debt Financing

Initial Balance:
1,179,000,000.00

Warehouse Funding

		<u>Initial Balance</u>
Senior debt	B=51% x A	601,290,000.00
Subordinated	39/51 X B	459,810,000.00
Junior subordinated	10/51 X B	117,900,000.00
		<u>1,179,000,000.00</u>

Term Debt Funding

Senior debt	51.00%	
Subordinated	39.00%	
Junior subordinated	10.00%	
		<u>-</u>

Total Funding

Senior debt	51.00%	601,290,000.00
Subordinated	39.00%	459,810,000.00
Junior subordinated	10.00%	117,900,000.00
		<u>1,179,000,000.00</u>

Term debt takeout	Ending Balance	
(980,392,156.86)		
(500,000,000.00)	101,290,000.00	51%
(382,353,000.00)	77,457,000.00	39%
(98,040,000.00)	19,860,000.00	10%
(980,393,000.00)	198,607,000.00	
500,000,000.00	500,000,000.00	51%
382,353,000.00	382,353,000.00	39%
98,040,000.00	98,040,000.00	10%
980,393,000.00	980,393,000.00	
-	601,290,000.00	51%
-	459,810,000.00	39%
-	117,900,000.00	10%
0.00	1,179,000,000.00	

Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	1,764,706,000.00

Fair Hydro Trust													Ontario Bond Yields								
													30 yr yields		Yields reflective of Debt's Maturity						
Date Issued*	Fair Hydro Trust Debt Type*	Principal Amount* (\$)	Coupon Rate*	Maturity Date*	Series Number*	Term to Maturity [Years]	Issue Price [per \$100 Principal]*	Issue Discount/(Premium) [per \$100 Principal]	Commission [per \$100 Principal]*	Commission and Issue Discount/(Premium) [Per \$100 Principal]	Commission and Issue Premium/Discount [Interest rate per annum]	Yield at Issue (w/ Commission, w/ Discount/Premium)	Issuing Date	Weighted Average Coupon Rate	Weighted Average Yield at Issue	30yr**	30yr w/ Commission**	Debt Issue Maturity**	Ont Rate**	Ont Rate - w/ Commission**	Notes
February 9, 2018	Senior debt	500,000,000	3.357%	May 15, 2033	2018-1	15.27	100.003	(0.003)	0.500	0.497	0.042%	3.42705%	February 9, 2018	3.526%	3.579%	3.23%	3.25%	15 year	3.10%	3.14%	Feb 9 Rate, Simple average between 10 and 20 year rates.
February 9, 2018	Subordinated	382,353,000	3.637%	May 15, 2033	2018-1	15.27	100.000	-	-	-	0.000%	3.67007%	April 24, 2018	3.712%	3.766%	3.23%	3.26%	20 year	3.22%	3.25%	
February 9, 2018	Junior subordinated	98,040,000	3.957%	May 15, 2033	2018-1	15.27	100.000	-	-	-	0.000%	3.99614%	Total	3.609%	3.662%						Apr 24 Rate
April 24, 2018	Senior debt	400,000,000	3.520%	May 15, 2038	2018-2	20.06	100.002	(0.002)	0.550	0.548	0.038%	3.58930%									
April 24, 2018	Subordinated	305,882,000	3.834%	May 15, 2038	2018-2	20.06	100.000	-	-	-	0.000%	3.87075%									
April 24, 2018	Junior subordinated	78,431,000	4.214%	May 15, 2038	2018-2	20.06	100.000	-	-	-	0.000%	4.25839%									
																		</			

*Source: Fair Hydro Plan - Deliveries under Change of Law Process Agreement, February 8, 2018 and April 23, 2018.

**Source: Corporate Finance Branch Interest Rate Snapshot based on Scotiabank daily reports, estimates. Commissions are for dealers, based on historical one-time estimate. Subject to revision. Excludes additional costs Province may charge for on lending purposes.

Summary:

Total Funding	Term Debt Takeout
Senior debt	900,000,000.00
Subordinated	688,235,000.00
Junior subordinated	176,471,000.00
Total	1,764,706,000.00

Fair Hydro Trust														Ontario Bond Yields														
														30 yr yields		Yields reflective of Debt's Maturity												
Date Issued*	Fair Hydro Trust Debt Type*	Principal Amount* (\$)	Coupon Rate*	Maturity Date*	Series Number*	Term to Maturity [Years]	Issue Price [per \$100 Principal]*	Issue Discount/(Premium) [per \$100 Principal]	Commission [per \$100 Principal]*	Commission and Issue Discount/(Premium) [Per \$100 Principal]	Commission and Issue Premium/Discount [Semi-annual rate]	Yield at Issue (w/ Commission, w/ Discount/Premium)	Issuing Date	Weighted Average Coupon Rate	Weighted Average Yield at Issue	30yr**	30yr w/ Commission**	Debt Issue Maturity**	Ont Rate**	Ont Rate - w/ Commission**	Notes							
February 9, 2018	Senior debt	500,000,000	3.357%	May 15, 2033	2018-1	15.27	100.003	(0.003)	0.500	0.497	0.042%	3.39887%	February 9, 2018	3.526%	3.548%	3.23%	3.25%	15 year	3.10%	3.14%	Feb 9 Rate, Simple average between 10 and 20 year rates.							
February 9, 2018	Subordinated	382,353,000	3.637%	May 15, 2033	2018-1	15.27	100.000	-	-	-	0.000%	3.63700%	April 24, 2018	3.712%	3.731%	3.23%	3.26%	20 year	3.22%	3.25%								
February 9, 2018	Junior subordinated	98,040,000	3.957%	May 15, 2033	2018-1	15.27	100.000	-	-	-	0.000%	3.95700%	Total		3.609%	3.629%												
April 24, 2018	Senior debt	400,000,000	3.520%	May 15, 2038	2018-2	20.06	100.002	(0.002)	0.550	0.548	0.038%	3.55832%																
April 24, 2018	Subordinated	305,882,000	3.834%	May 15, 2038	2018-2	20.06	100.000	-	-	-	0.000%	3.83400%																
April 24, 2018	Junior subordinated	78,431,000	4.214%	May 15, 2038	2018-2	20.06	100.000	-	-	-	0.000%	4.21400%																

*Source: Fair Hydro Plan - Deliveries under Change of Law Process Agreement, February 8, 2018 and April 23, 2018.

**Source: Corporate Finance Branch Interest Rate Snapshot based on Scotiabank daily reports, semi-annual rate estimates. Commissions paid for dealers, based on historical one-time estimate. Subject to revision. Excludes additional costs Province may charge for on lending purposes.

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of ■, 2017

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THIS DECLARATION OF TRUST is made as of ■, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the “**Issuer Trustee**”).

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the “**Act**”) for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS (\$10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

“**Act**” has the meaning ascribed thereto in the Recitals.

“**Adjusted Redemption Price**” has the meaning ascribed thereto in subsection 4.1(3).

“**Affiliate**” means, with respect to any specified Person, any other Person controlling, controlled by or under common control with such specified Person and, for the purposes of this definition, “**control**” means, in respect of any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

“**Change of Law Protection Agreement**” means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

“**Claim**” has the meaning ascribed thereto in Section 7.3.

“Dealer” means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

“Declaration of Trust” means this declaration of trust.

“Designated Beneficiary” has the meaning ascribed thereto in section 3.6.

“Eligible Investments” means investments permitted to be made by the Trust under the Indenture.

“Excess Income on Redemption” has the meaning ascribed thereto in subsection 11.1(2).

“Funding Obligation” means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

“GAAP” or **“generally accepted accounting principles”** means generally accepted accounting principles in Canada.

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

“Hedging Agreement” means any agreement evidencing an interest rate swap transaction, forward rate transaction, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction or any combination of these transactions, in each case, entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

“IESO” means the Independent Electricity System Operator.

“Income of the Trust” for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the “taxable income” of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

“Indenture” means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

“Indenture Trustee” means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

“Investment Interest” has the meaning ascribed to the term “investment interest” in the Act.

“Issuer Trustee” means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

“ITA” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

“Management Agreement” means the management agreement dated the date hereof between the Manager and the Trust.

“Manager” means OPG, in its capacity as manager appointed under the Management Agreement to administer the Investment Interests and perform such other duties assigned to it thereunder.

“Master Transfer and Servicing Agreement” means the master transfer and servicing agreement to be entered into by and between the Trust and the IESO.

“Net Realized Capital Gains of the Trust” for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

“Net Realized Capital Gains of the Trust Allocated on Redemption” has the meaning ascribed thereto in subsection 4.1(5).

“New Holder” has the meaning ascribed thereto in subsection 3.6(1).

“OPG” means Ontario Power Generation Inc.

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

“Program Agreements” means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, the Change of Law Protection Agreement and any

hedging agreements, credit enhancement agreements, loan agreements, subordinated loan agreements, security agreements and Underwriting Agreements in effect at such time and all other documents and certificates delivered in connection therewith.

“Rating Agencies” means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

“Rating Agency Condition” has the meaning ascribed thereto in the Indenture.

“Records” means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

“Redemption Price” has the meaning ascribed thereto in subsection 4.1(3).

“Regulations” means the regulations promulgated under the Act.

“Specified Consumer” has the meaning ascribed to the term “specified consumer” in the Act.

“Specified Creditors” has the meaning ascribed thereto in the Indenture.

“Supplemental Indenture” means any supplemental indenture to the Indenture.

“Transfer” has the meaning ascribed to the term “transfer” in the Act.

“Transfer Notice” means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

“Trust” means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

“Trust Activities” means the activities of the Trust described in Section 2.1.

“Trust Company” means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

“Trust Property” means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

“Underwriting Agreement” means any underwriting, agency or other agreement providing for the sale and distribution of Funding Obligations by one or more Dealers.

“Unitholders” means at any time, the holders at such time of one or more Units, and **“Unitholder”** means any such holder.

“Units” means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

- (a) references to “herein”, “hereby”, “hereunder”, “hereof” and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;
- (b) references to an “Article” or “Section” are references to an Article or Section of this Declaration of Trust;
- (c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;
- (d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;
- (e) the words “includes” and “including”, when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;
- (f) references to any Person include such Person’s successors and permitted assigns;
- (g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;
- (h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;
- (i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

- (j) unless otherwise specified, all references to “\$” or “dollars” are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2 THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the “**Trust Activities**”), including:

- (a) issuing Units;
- (b) redeeming Units;
- (c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;
- (d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;
- (e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d)

above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

- (f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;
- (g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;
- (h) making payments on the Funding Obligations;
- (i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and
- (j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

- (a) take any action to wind-up or dissolve the Trust; or
- (b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “Fair Hydro Trust” and the French form of the name of the Trust is “■”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of

such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

- (a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and
- (b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3 UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

- (1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a “designated beneficiary” within the meaning of Part XII.2 of the ITA (“**Designated Beneficiary**”), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership (“**New Holder**”), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person’s rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person’s rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.
- (2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required

for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4 REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

- (1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.
- (2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the “**Redemption Price**”) established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.
- (3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the “**Adjusted Redemption Price**”).
- (4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.
- (5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the “**Net Realized Capital Gains of the Trust Allocated on Redemption**”). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized

Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5

RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

- (a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;
- (b) reacquire or redeem Funding Obligations;
- (c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and
- (d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering

memoranda, regulatory filings, dealer agreements, Underwriting Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Hedging Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Hedging Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Hedging Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Hedging Agreement may be entered into at any time after the original Hedging Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

- (a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;
- (b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;
- (c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;
- (d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;
- (e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and
- (f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

- (a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.
- (b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby

created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

- (a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;
- (b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust

Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

- (c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable

in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6 REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

- (a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders, the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.
- (b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating

Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may by instrument in writing appoint a Trust Company, which either (i) has risk-based capital of at least \$50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least \$50,000,000; or (ii) has been approved in writing by each Rating Agency prior to its appointment by the Unitholders, in order to replace the Issuer Trustee. If the Unitholders fails to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of

Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7 STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty,

the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a “**Claim**”), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the

extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the

Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8 RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9 MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer

Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10 AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

- (a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;
- (b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or
- (c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11 DISTRIBUTION OF TRUST PROPERTY¹

11.1 Distributions

- (1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.
- (2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the **"Excess Income on Redemption"**), the Issuer Trustee shall declare to be

¹ Subject to PILs exemption.

payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

- (3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).
- (4) Having regard to the present intention of the Issuer Trustee to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year so that the Trust will not have any liability for tax under Part I of the ITA in any taxation year (other than alternative minimum tax or taxes payable under the “SIFT trust” rules in the ITA), unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each such taxation year:
 - (a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and
 - (b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

- (5) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of

a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

- (1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.
- (2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:
 - (a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);
 - (b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and
 - (c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

- (3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

- (1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other

manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

- (2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.
- (3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12 TERMINATION OF THE TRUST

12.1 Termination

- (a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.
- (b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust,

including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13 GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise.
The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (“**OPG**”), solely in its capacity as financial services manager (the “**FSM**”) of the **FAIR HYDRO TRUST** (the “**Issuer**”), a trust existing under the laws of the Province of Ontario and the **ONTARIO FINANCING AUTHORITY**, a crown agency of the Province of Ontario have agreed to enter into this subordinated debt pricing protocol (the “**Protocol**”) wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

- (a) “**Applicable Spread**” has the meaning ascribed to such term in section 2.04(c);
- (b) “**Base Rate**” has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;
- (c) “**Junior Subordinated Term Note**” means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;
- (d) “**Junior Subordinated Warehouse Note**” means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;
- (e) “**Subordinated Term Note**” means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;
- (f) “**Subordinated Warehouse Note**” means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;
- (g) “**Trust Indenture**” means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on December , 2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

- (a) For Subordinated Term Notes and Junior Subordinated Term Notes, the “Base Rate” shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating, on a straight line basis, the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and
- (b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the “Base Rate” shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the “Base Rate” shall be the average of the posted “prime rate of interest” published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

- (a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the “**Indicative Spreads**” and each an “**Indicative Spread**”) applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM’s option, also occur on other dates selected by the FSM provided that no such date is more than one week prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;
- (b) The Applicable Spread for Subordinated Warehouse Notes shall be:
 - (i) for the initial issuance: 10 bps; and

- (ii) for all subsequent issuances of Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread.
- (c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be:
 - (i) for the initial issuance: 10 bps; and
 - (ii) for all subsequent issuances of Junior Subordinated Warehouse Notes, equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. In such subsequent issuances, if the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section “Investment Grade” means an “approved rating” from at least one “designated rating organization” (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA and the Ministry of Energy, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

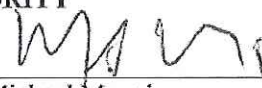
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ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services
Manager of the Fair Hydro Trust

Per: 

Per: 

THE ONTARIO FINANCING
AUTHORITY

Per: 
Michael Manning
Executive Director & Chief Investment
Officer, Capital Markets

Acknowledged on behalf of the Ministry of Energy by:

MINISTRY OF ENERGY

Per: 

By: CAROLYN CALWELL

Title: ADM, STRATEGIC, NETWORK + AGENCY POLICY DIVISION

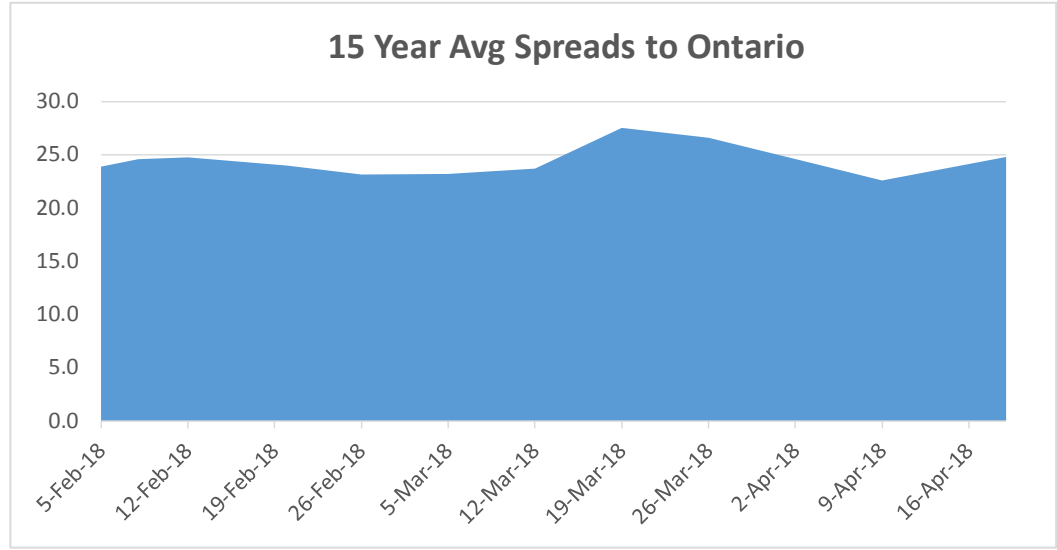
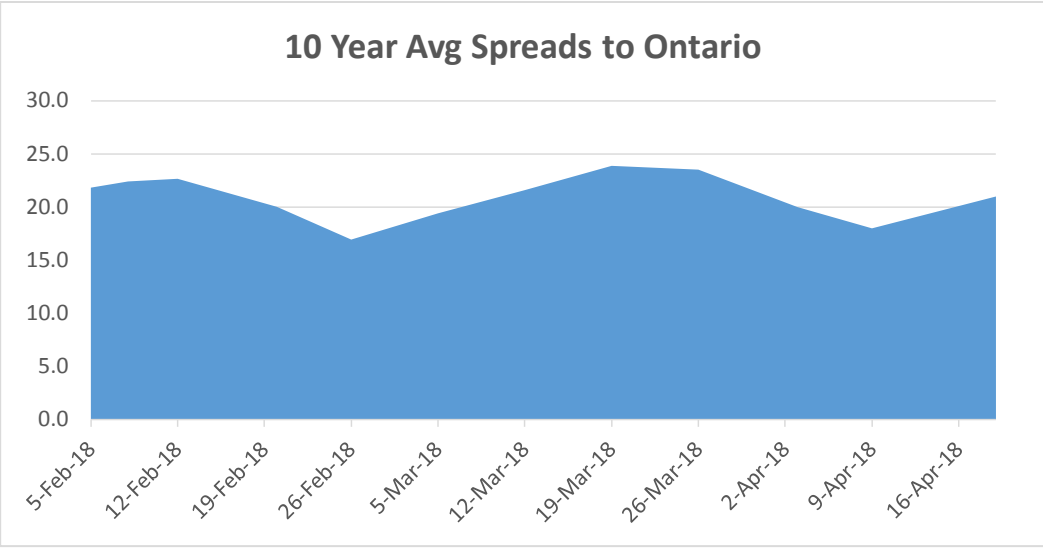
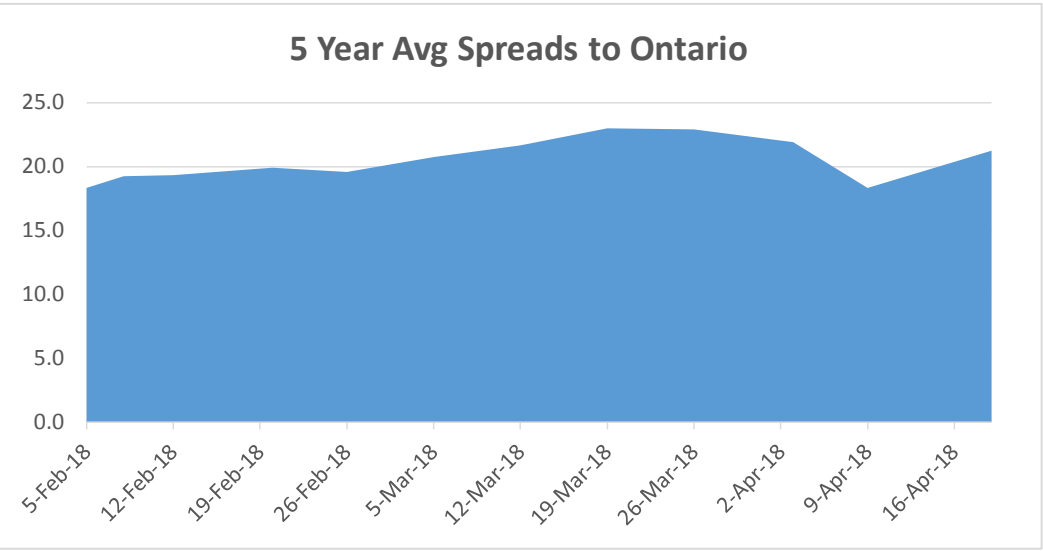
Week of April 19, 2018

Senior Note

Average Spreads to Ontario					
30-year	20-year	15-year	10-year	5-year	3-year
35.4	30.7	24.8	21.0	21.3	22.4

Average Fair Hydro Spreads to GoC curve					
30-year	20-year	15-year	10-year	5-year	3-year
112.6	107.0	100.1	88.0	66.5	51.0
113.4	110.1	103.0	90.7	68.4	52.5
-0.8	-3.1	-2.8	-2.7	-1.9	-1.5

Spreads to GoC						
	30-year	20-year	15-year	10-year	5-year	3-year
Minimum	<i>RBC</i>	<i>BMO</i>	<i>GS</i>	<i>GS</i>	<i>TD</i>	<i>TD</i>
	106.0	107.0	97.0	77.0	60.0	45.0
Maximum	<i>Scotia</i>	<i>BMO</i>	<i>RBC</i>	<i>RBC</i>	<i>RBC</i>	<i>RBC</i>
	117.0	107.0	106.0	96.0	74.0	56.0



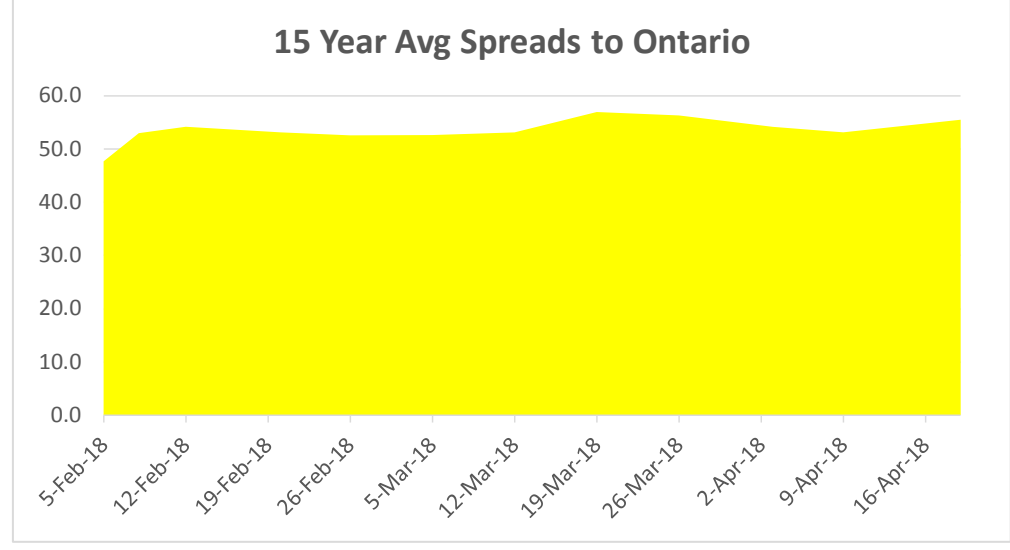
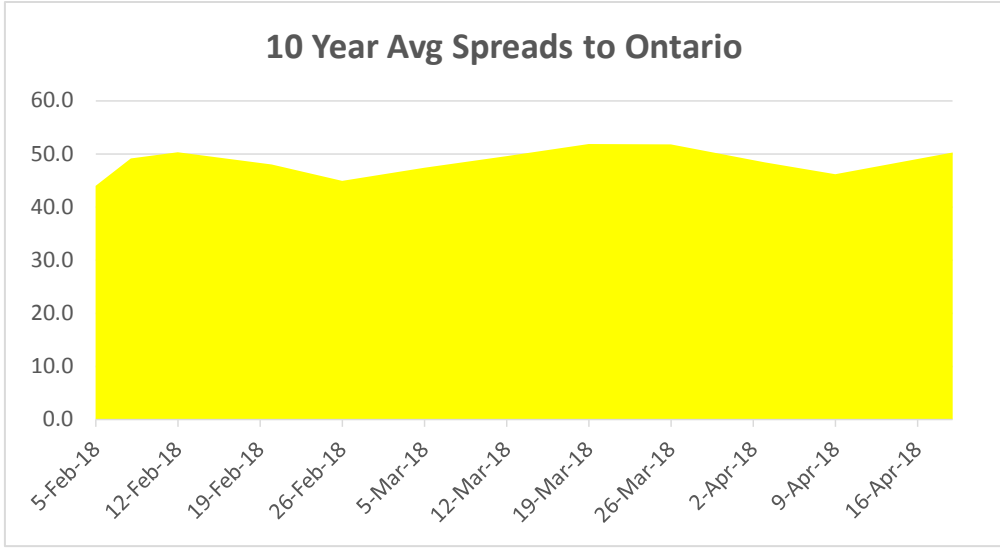
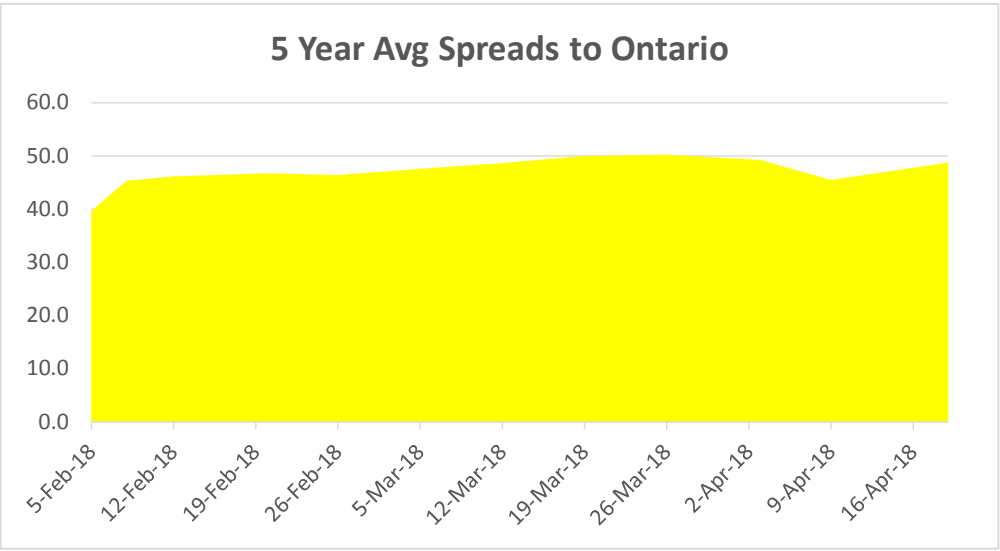
FAIR HYDRO SPREADS

Sub Note

Average Spreads to Ontario					
30-year	20-year	15-year	10-year	5-year	3-year
67.3	62.2	55.5	50.3	48.8	49.9

Average Fair Hydro Spreads to GoC curve					
30-year	20-year	15-year	10-year	5-year	3-year
144.5	138.6	130.9	117.3	94.0	78.5
144.3	140.6	132.7	119.0	95.6	79.7
0.2	-2.1	-1.8	-1.7	-1.6	-1.2

Spreads to GoC						
	30-year	20-year	15-year	10-year	5-year	3-year
Minimum	<i>CIBC</i>	<i>GS</i>	<i>CIBC</i>	<i>CIBC</i>	<i>NBF</i>	<i>NBF</i>
	137.5	132.0	126.0	108.0	88.0	73.0
Maximum	<i>GS</i>	<i>BMO</i>	<i>BMO</i>	<i>RBC</i>	<i>RBC</i>	<i>NBF</i>
	152.0	146.0	138.0	128.0	106.0	88.0

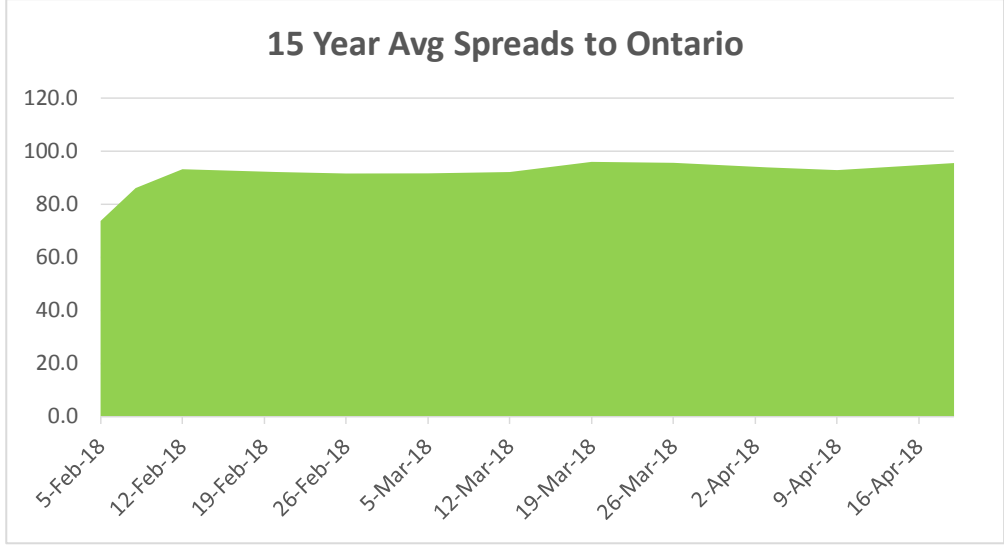
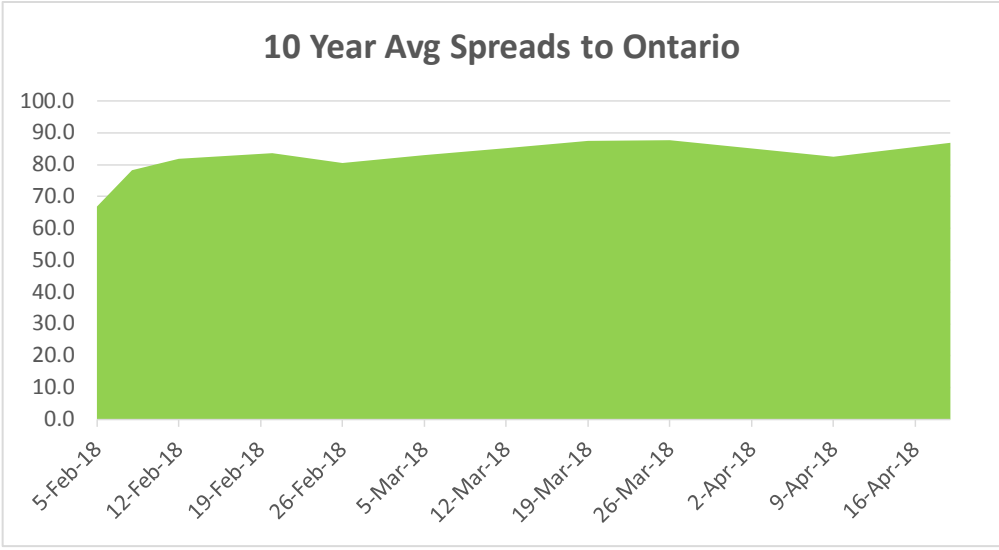
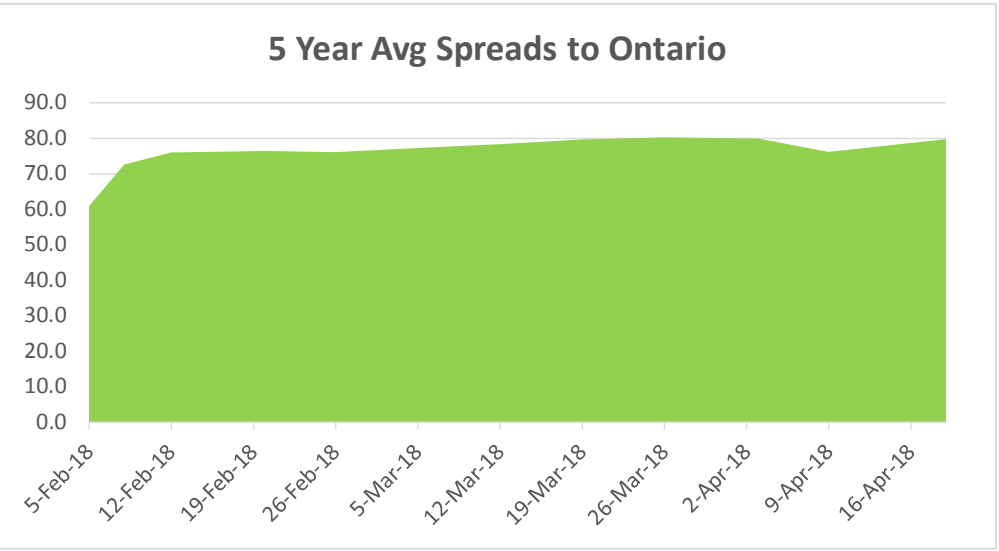


Junior Sub Note

Average Spreads to Ontario					
30-year	20-year	15-year	10-year	5-year	3-year
109.4	103.7	95.5	86.9	79.8	81.1

Average Fair Hydro Spreads to GoC curve					
30-year	20-year	15-year	10-year	5-year	3-year
186.6	180.0	170.9	153.9	125.0	109.7
185.7	181.6	172.4	155.3	126.3	110.5
0.9	-1.6	-1.6	-1.4	-1.3	-0.8

Spreads to GoC						
	30-year	20-year	15-year	10-year	5-year	3-year
Minimum	<i>CIBC</i>	<i>CIBC</i>	<i>CIBC</i>	<i>BMO</i>	<i>NBF</i>	<i>NBF</i>
	164.5	161.0	153.0	135.0	107.0	92.0
Maximum	<i>BMO</i>	<i>BMO</i>	<i>BMO</i>	<i>GS</i>	<i>RBC</i>	<i>RBC</i>
	221.0	217.0	205.0	172.0	142.0	124.0



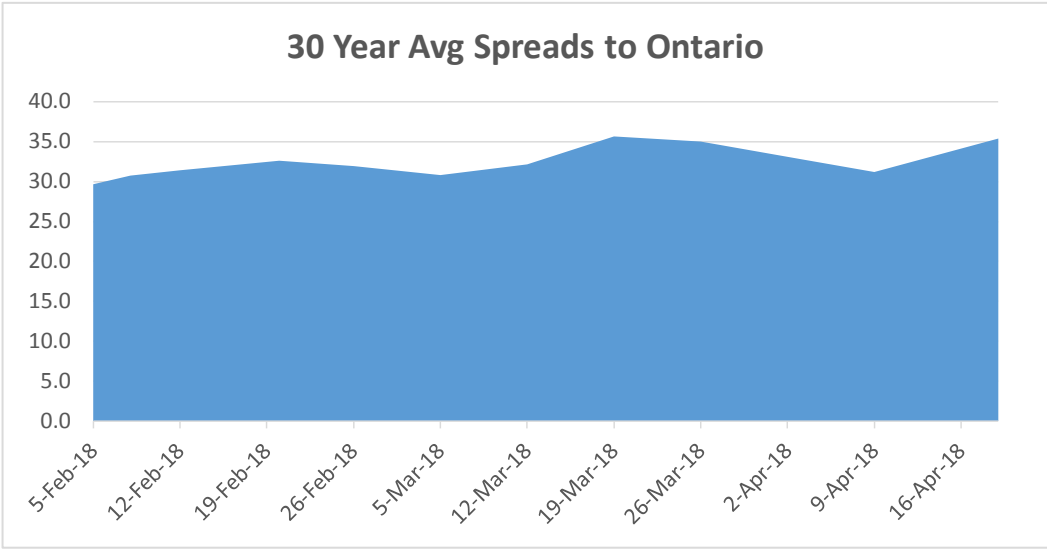
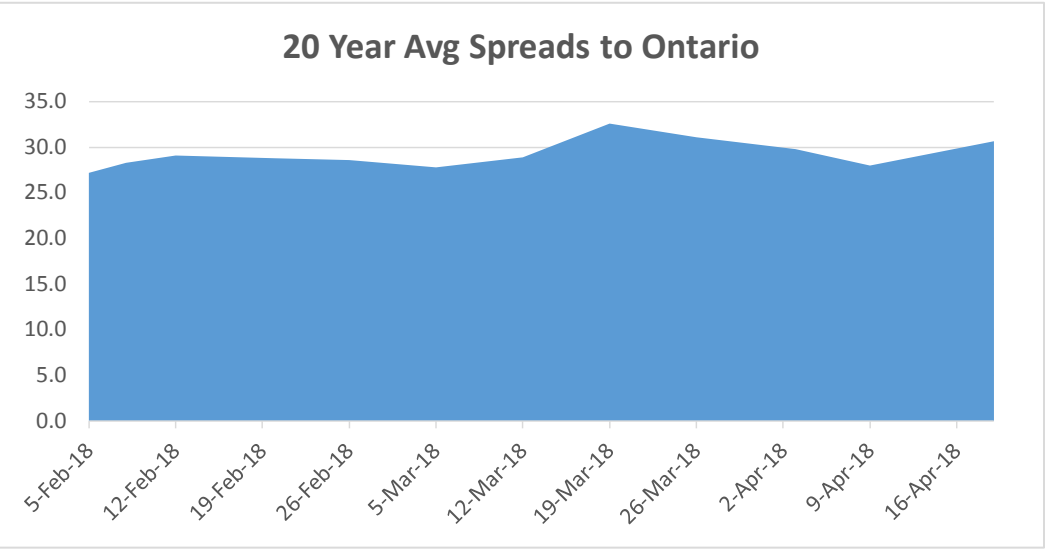
Week of April 19, 2018

Senior Note

Average Spreads to Ontario					
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-0.8	-3.1	-2.8	-2.7	-1.9	-1.5

Spreads to GoC						
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Minimum	<i>RBC</i>	<i>BMO</i>	<i>GS</i>	<i>GS</i>	<i>TD</i>	<i>TD</i>
	106.0	107.0	97.0	77.0	60.0	45.0
Maximum	<i>Scotia</i>	<i>BMO</i>	<i>RBC</i>	<i>RBC</i>	<i>RBC</i>	<i>RBC</i>
	117.0	107.0	106.0	96.0	74.0	56.0



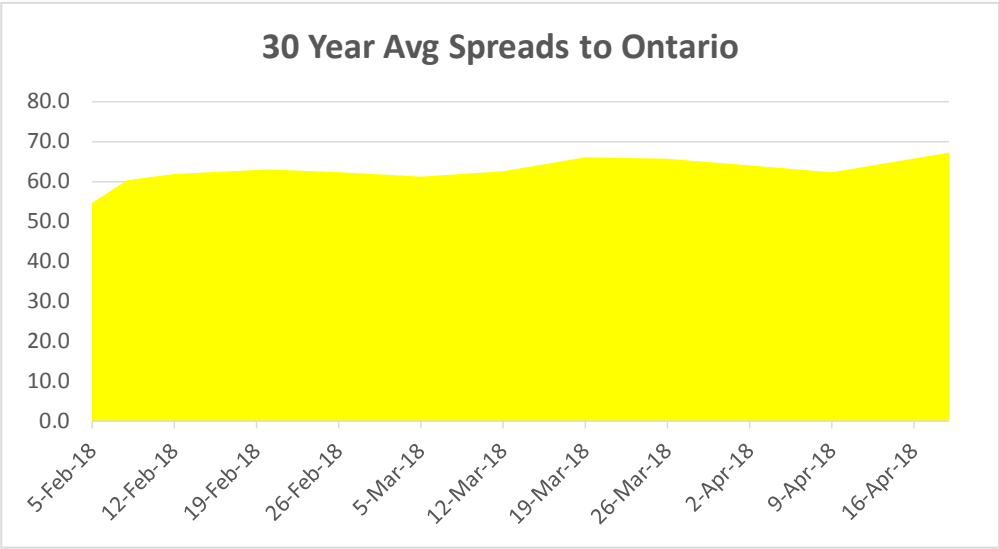
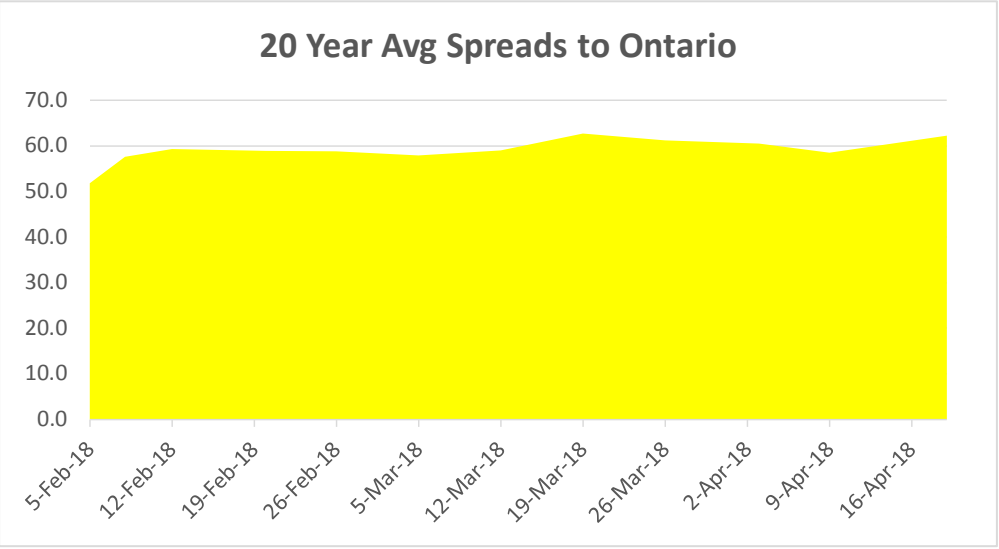
FAIR HYDRO SPREADS

Sub Note

Average Spreads to Ontario					
30-year	20-year	15-year	10-year	5-year	3-year
67.3	62.2	55.5	50.3	48.8	49.9
31.6					

Average Fair Hydro Spreads to GoC curve					
30-year	20-year	15-year	10-year	5-year	3-year
144.5	138.6	130.9	117.3	94.0	78.5
144.3	140.6	132.7	119.0	95.6	79.7
0.2	-2.1	-1.8	-1.7	-1.6	-1.2

Spreads to GoC						
	30-year	20-year	15-year	10-year	5-year	3-year
Minimum	<i>CIBC</i>	<i>GS</i>	<i>CIBC</i>	<i>CIBC</i>	<i>NBF</i>	<i>NBF</i>
	137.5	132.0	126.0	108.0	88.0	73.0
Maximum	<i>GS</i>	<i>BMO</i>	<i>BMO</i>	<i>RBC</i>	<i>RBC</i>	<i>NBF</i>
	152.0	146.0	138.0	128.0	106.0	88.0

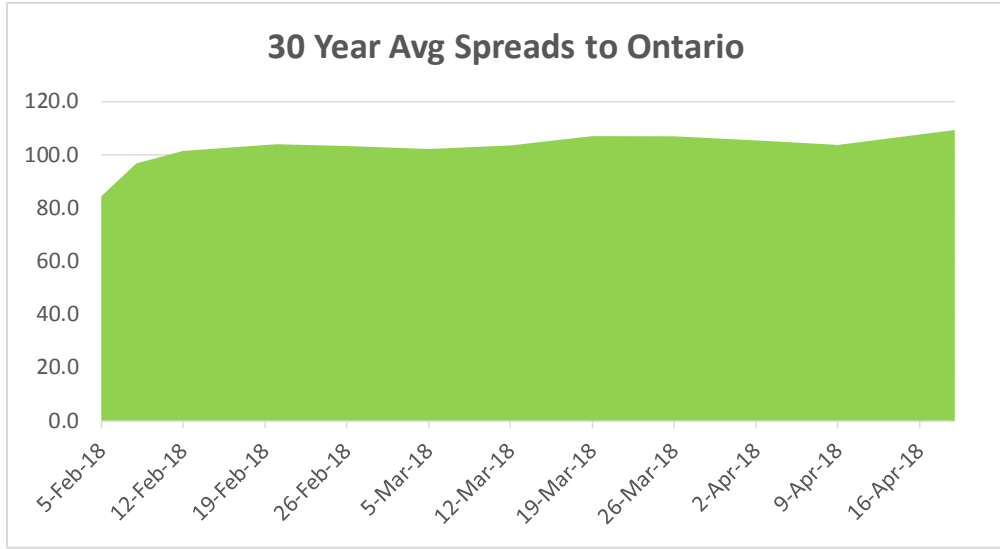
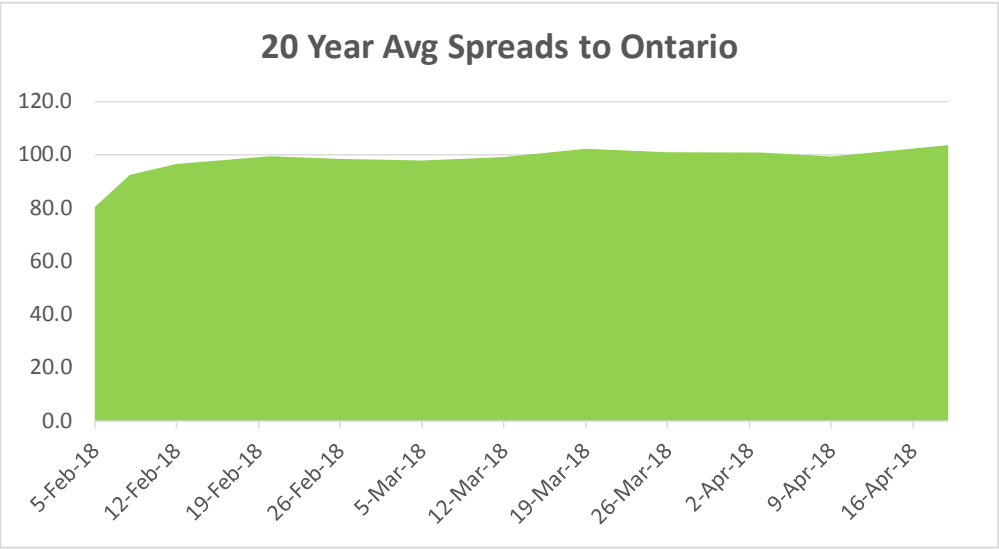


Junior Sub Note

Average Spreads to Ontario					
30-year	20-year	15-year	10-year	5-year	3-year
109.4	103.7	95.5	86.9	79.8	81.1
73.0					

Average Fair Hydro Spreads to GoC curve					
30-year	20-year	15-year	10-year	5-year	3-year
186.6	180.0	170.9	153.9	125.0	109.7
185.7	181.6	172.4	155.3	126.3	110.5
0.9	-1.6	-1.6	-1.4	-1.3	-0.8

Spreads to GoC						
	30-year	20-year	15-year	10-year	5-year	3-year
Minimum	<i>CIBC</i>	<i>CIBC</i>	<i>CIBC</i>	<i>BMO</i>	<i>NBF</i>	<i>NBF</i>
	164.5	161.0	153.0	135.0	107.0	92.0
Maximum	<i>BMO</i>	<i>BMO</i>	<i>BMO</i>	<i>GS</i>	<i>RBC</i>	<i>RBC</i>
	221.0	217.0	205.0	172.0	142.0	124.0



Indicative New Issue Spreads
Week of April 19, 2018

	BMO	BMO	BMO	BMO	BMO	BMO	CIBC	CIBC	CIBC	CIBC	CIBC	CIBC	GS	GS	GS	GS	GS	GS	NBF	NBF
Indicative New Issue Spreads - Senior Notes (AAA/Aa2)	BMO						CIBC						GS							
	Current						Current						Current							
	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37	1-Jun-29	1-Jun-27	01-Sep-22	01-Sep-20	01-Dec-48	1-Jun-37	1-Jun-33	1-Jun-28	01-Jun-25	01-Mar-23	1DEC48	1JUN37 and 1JUN41	1JUN29 and 1JUN33	1JUN27 and 1JUN29			01-Dec-48	1-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%	5.75%	1.00%	2.75%	0.75%	2.75%	5.00%	5.75%	2.00%	2.25%	1.75%	2.75%	5.00%	5.75%	2.00%			2.75%	5.00%
Benchmark Yield	2.43%	2.42%	2.37%	2.33%	2.18%	1.99%	2.43%	2.44%	2.37%	2.32%	2.26%	2.15%	2.43%	2.44%	2.39%	2.31%			2.40%	2.39%
Curve Adjustment (bp)	0.0	0.6	1.9	1.7	1.5	6.9	0.0	0.6	(0.1)	(0.2)	(0.3)	1.5	0.0	0.6	4.9	0.8			0.0	0.0
Spread to GoC Curve (bp)	108	107	100	90	66	50	111	107	99	81	62	48	117	107	97	77.0			115	107
Re-Offered Yield	3.51%	3.49%	3.39%	3.25%	2.85%	2.56%	3.53%	3.52%	3.36%	3.13%	2.88%	2.65%	3.60%	3.51%	3.36%	3.08%			3.55%	3.46%
Commission (bp)	2.7	3.4	3.4	4.6	7.5	6.9	2.7	2.7	2.4	2.1	1.8	1.2	1.7	2.5	3.3	5.0			2.7	3.5
All-in Yield	3.54%	3.52%	3.43%	3.30%	2.92%	2.63%	3.56%	3.55%	3.38%	3.15%	2.90%	2.66%	3.62%	3.54%	3.39%	3.13%			3.58%	3.49%
All-in Spread to GoC Curve (bp)	110.66	110.43	103.37	94.64	73.45	56.88	113.23	109.73	101.40	83.07	63.76	49.22	118.67	109.50	100.33	82.00			117.73	110.50

Primary Comparable (S&P/Moody's/ DBRS)	BMO						CIBC						GS							
Spread to GoC Curve (bp)	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year
Province of Ontario (AA- / Aa2 / AA(L))	75	75	73	65	43	28	75	75	73	65	46	28	74	75	71	67			78	79

Other Comparables (S&P/Moody's/ DBRS)	BMO						CIBC						GS							
Spread to GoC Curve (bp)	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year
Canada Mortgage & Housing Corp (AAA/Aaa/AAA)																				
City of Toronto (AA/Aa1/AA)																				
Hydro One Inc. (A(H)/A3/A)																				
Ontario Power Generation Inc. (A(low)/-BBB+)							167	--	--	120	80	64								
Toronto Hydro Corporation (A/-/A)							132	--	--	96	69	57								
Canadian National Railway Co (A/A2/A)																				
Greater Toronto Airports Authority (A(high)/Aa3/A+)																				
NAV Canada (AA(low)/Aa2/AA-)	99	0	0	82	57	52														
OPB Finance Trust (AA+/-/AA(H))																				
Covered Bond - Bank (AAA/Aaa/AAA)																				
Schedule I Bank deposit notes (A1-Aa2 ; A-AA- ; AA)																			140	134
Schedule I Bank covered bonds (Aaa ; AAA ; AAA)																			123	117
Schedule I Bank ABS (Aaa ; AAA ; AAA)																			145	138
ABS - Eagle 2017-1 A (AAA)	0	0	0	0	88	0														
ABS - BMO Fortified (HELOC ABS) (AAA/AAA)	0	0	0	0	82	67														
MBS - BAML NHA MBS (AAA/AAA)	0	0	0	0	67	52														
CMBS: (AAA/Aaa/AAA)	0	0	41	36	29	17														
PSP Investments (AAA/Aaa/AAA)	0	0	0	71	48	32														
CPP Investment Board (AAA/Aaa/AAA)	91	0	0	71	48	32														
BMO (Senior) (A+/-/A1/AA)	122	0	0	97	82	70														
Nova Scotia Power (BBB+ / - / A(I))							150	--	--	107	78	63								
FortisAlberta (A- / Baa1 / A(I))							138	--	--	96	70	--								
Brookfield Renewable Energy Partners (BBB / - / BBB(H))							245	--	--	180	127	105								
Bruce Power (BBB / Baa2 / BBB)							212	--	--	152	114	--								
City of Toronto (- / Aa1 / AA)							100	101	--	82	--	--								
BNS - Denior Deposit Notes																				
Golden Credit Card Trust																				
Master Credit Card Trust																				
AAA CMBS (USD Swaps)																				
AAA Taxable Municipal Bonds (US Treasuries)													+95 AREA	D-85 AREA (vs 30y US\$	95-110 AREA (vs 10y U	85 bps area +75-80 AREA	+65 - 70 AREA	+55 - 60 AREA		

Indicative New Issue Spreads - Sub Notes (AA/Aa2)	BMO						CIBC						GS							
	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	01-Jun-37	01-Jun-29	01-Jun-27	01-Sep-22	01-Sep-20	01-Dec-48	01-Jun-37	01-Jun-33	01-Jun-28	01-Jun-25	01-Mar-23	1DEC48	1JUN37 and 1JUN41	1JUN29 and 1JUN33	1JUN27 and 1JUN29			01-Dec-48	01-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%	5.75%	1.00%	2.75%	0.75%	2.75%	5.00%	5.75%	2.00%	2.25%	1.75%	2.75%	5.00%	5.75%	2.00%			2.75%	5.00%
Benchmark Yield	2.43%	2.42%	2.37%	2.33%	2.18%	1.99%	2.43%	2.44%	2.37%	2.32%	2.26%	2.15%	2.43%	2.44%	2.39%	2.31%			2.40%	2.39%
Curve Adjustment (bp)	0.0	0.6	1.9	1.7	1.5	6.9	0.0	0.6	(0.1)	(0.2)	(0.3)	1.5	0.0	0.7	4.9	0.8			0.0	0.0
Spread to GoC Curve (bp)	147	146	138	119	91	75	138	134	126	108	89	75	152	142	132	112			140	132
Re-Offered Yield	3.90%	3.88%	3.77%	3.54%	3.10%	2.81%	3.80%	3.79%	3.63%	3.40%	3.15%	2.92%	3.95%	3.86%	3.71%	3.43%			3.80%	3.71%
Commission (bp)	2.8	3.5	3.5	4.7	7.5	6.9	2.7	2.7	2.4	2.1	1.8	1.2	1.7	2.5	3.3	5.0			2.7	3.5
All-in Yield	3.93%	3.92%	3.81%	3.59%	3.17%	2.88%	3.83%	3.82%	3.65%	3.42%	3.17%	2.93%	3.97%	3.89%	3.71%	3.48%			3.83%	3.74%
All-in Spread to GoC Curve (bp)	149.79	149.55	141.45	123.70	98.49	81.90	140.23	136.73	128.40	110.07	90.76	76.22	153.67	144.50	135.33	117.00			142.73	135.50

Other Comparables (S&P/Moody's/ DBRS)	BMO						CIBC						GS							
Spread to GoC Curve (bp)	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year
RBC Sr-Sub																				
Highway 407 (A, A)																			130	123
NAV Canada (AA-, AA low)																			100	97
GTAA (Aa3, A+)																			100	97
Hydro One (A3/A/A high)																			135	129
ABS - BMO Fortified (HELOC ABS) (AA/AA)	0	0	0	0	0	87														
ABS - Ford Floorplan Auto Securitization (AA / AA / AA)	0	0	0	0	0	102														
BMO (Senior) (A+/-/A1/AA)	122	0	0	97	82	70														
Nav Canada (sub) (AA-/Aa2/AAL)	99	0	0	82	57	52														
City of Toronto (AA / Aa1 / AA)	96	95	93	82	59	42														
Bank ABS (AAA / - / AAA)							--	--	--	--	82	68								
Auto ABS (Ford) (AAA / Aaa / AAA)							--	--	--	--	91	78								
NHA MBS (AAA / Aaa / AAA)							--	--	--	--	48	37								
AA CMBS (USD Swaps)																				
AA Taxable Municipal Bonds (US Treasuries)													+115 - 120 AREA	100 AREA (vs 30y US\$	5 - 130 AREA (vs 10y U	120 - 125 bps AREA +100 - 105 AREA	+75 - 80 AREA	+60 - 65 AREA		

Indicative New Issue Spreads - Jr. Sub Notes (A/Aa2)	BMO						CIBC						GS							
	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37	1-Jun-29	1-Jun-27	01-Sep-22	01-Sep-20	01-Dec-48	1-Jun-37	1-Jun-33	1-Jun-28	01-Jun-25	01-Mar-23	1DEC48	1JUN37 and 1JUN41	1JUN29 and 1JUN33	1JUN27 and 1JUN29			01-Dec-48	1-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%	5.75%	1.00%	2.75%	0.75%	2.75%	5.00%	5.75%	2.00%	2.25%	1.75%	2.75%	5.00%	5.75%	2.00%			2.75%	5.00%
Benchmark Yield	2.43%	2.42%	2.37%	2.33%	2.18%	1.99%	2.43%	2.44%	2.37%	2.32%	2.26%	2.15%	2.43%	2.44%	2.39%	2.31%			2.40%	2.39%
Curve Adjustment (bp)	0.0	0.6	1.9	1.7	1.5	6.9	0.0	0.6	(0.1)	(0.2)	(0.3)	1.5	0.0	0.7	4.9	0.8			0.0	0.0
Spread to GoC Curve (bp)	221	217	205	169	135	120	165	161	153	135	116	102	212	202	192	172			170	162
Re-Offered Yield	4.64%	4.59%	4.44%	4.04%	3.54%	3.26%	4.07%	4.06%	3.90%	3.67%	3.42%	3.19%	4.55%	4.46%	4.31%	4.03%			4.10%	4.01%
Commission (bp)	2.9	3.7	3.5	4.8	7.6	6.9	2.7	2.7	2.4	2.1	1.8	1.2	1.7	2.5	3.3	5.0			2.7	3.5
All-in Yield	4.67%	4.63%	4.48%	4.09%	3.62%	3.33%	4.10%	4.09%	3.92%	3.69%	3.44%	3.20%	4.57%	4.49%	4.31%	4.08%			4.13%	4.04%
All-in Spread to GoC Curve (bp)	223.89	220.67	208.55	173.78	142.56	126.94	167.23	163.73	155.40	137.07	117.76	103.22	213.67	204.50	195.33	177.00			172.73	165.50

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Indicative New Issue Spreads

Week of April 19, 2018

Indicative New Issue Spreads - Senior Notes (AAA/Aa2)	NBF			
	Current			
	15-year	10-year	5-year	3-year
Benchmark Canada Bond Maturity	1-Jun-33	1-Jun-27	01-Jun-22	01-Sep-20
Benchmark Canada Bond Coupon	5.75%	1.00%	2.75%	0.75%
Benchmark Yield	2.35%	2.30%	2.14%	2.02%
Curve Adjustment (bp)	0.0	0.0	0.0	0.0
Spread to GoC Curve (bp)	103	90.00	67	52
Re-Offered Yield	3.38%	3.20%	2.81%	2.54%
Commission (bp)	3.9	4.7	7.6	8.7
All-in Yield	3.42%	3.25%	2.89%	2.63%
All-in Spread to GoC Curve (bp)	106.86	94.72	74.57	60.72

Primary Comparable (S&P/Moody's/ DBRS)	NBF			
Spread to GoC Curve (bp)	15-year	10-year	5-year	3-year
Province of Ontario (AA- / Aa2 / AA(L))	76	67	44	28

Other Comparables (S&P/Moody's/ DBRS)	NBF			
Spread to GoC Curve (bp)	15-year	10-year	5-year	3-year
Canada Mortgage & Housing Corp (AAA/Aaa/AAA)				
City of Toronto (AA/Aa1/AA)				
Hydro One Inc. (A(H)/A3/A)				
Ontario Power Generation Inc. (A(low)/-/BBB+)				
Toronto Hydro Corporation (A/-/A)				
Canadian National Railway Co (A/A2/A)				
Greater Toronto Airports Authority (A(high)/Aa3/A+)				
NAV Canada (AA(low)/Aa2/AA-)				
OPB Finance Trust (AA+/-/AA(H))				
Covered Bond - Bank (AAA/Aaa/AAA)				
Schedule I Bank deposit notes (A1-Aa2 ; A-AA- ; AA)	117	100	80	70
Schedule I Bank covered bonds (Aaa ; AAA ; AAA)	100	85	65	57
Schedule I Bank ABS (Aaa ; AAA ; AAA)	119	100	80	70
ABS - Eagle 2017-1 A (AAA)				
ABS - BMO Fortified (HELOC ABS) (AAA/AAA)				
MBS - BAML NHA MBS (AAA/AAA)				
CMBs: (AAA/Aaa/AAA)				
PSP Investments (AAA/Aaa/AAA)				
CPP Investment Board (AAA/Aaa/AAA)				
BMO (Senior) (A+ / A1 / AA)				
Nova Scotia Power (BBB+ / - / A(I))				
FortisAlberta (A- / Baa1 / A(I))				
Brookfield Renewable Energy Partners (BBB / - / BBB(H))				
Bruce Power (BBB / Baa2 / BBB)				
City of Toronto (- / Aa1 / AA)				
BNS - Denior Deposit Notes				
Golden Credit Card Trust				
Master Credit Card Trust				
AAA CMBS (USD Swaps)				
AAA Taxable Municipal Bonds (US Treasuries)				

Indicative New Issue Spreads - Sub Notes (AA/Aa2)	NBF			
	15-year	10-year	5-year	3-year
Benchmark Canada Bond Maturity	01-Jun-33	01-Jun-27	01-Jun-22	01-Sep-20
Benchmark Canada Bond Coupon	5.75%	1.00%	2.75%	0.75%
Benchmark Yield	2.35%	2.30%	2.14%	2.02%
Curve Adjustment (bp)	0.0	0.0	0.0	0.0
Spread to GoC Curve (bp)	126	112	88	73
Re-Offered Yield	3.61%	3.42%	3.02%	2.75%
Commission (bp)	3.9	4.7	7.6	8.7
All-in Yield	3.65%	3.47%	3.10%	2.84%
All-in Spread to GoC Curve (bp)	129.86	116.72	95.57	81.72

Other Comparables (S&P/Moody's/ DBRS)	NBF			
Spread to GoC Curve (bp)	15-year	10-year	5-year	3-year
RBC Sr-Sub				
Highway 407 (A, A)	104	85	65	55
NAV Canada (AA-, AA low)	89	80	55	45
GTAA (Aa3, A+)	89	80	55	45
Hydro One (A3/A high)	112	95	70	60
ABS - BMO Fortified (HELOC ABS) (AA/AA)				
ABS - Ford Floorplan Auto Securitization (AA / AA / AA)				
BMO (Senior) (A+ / A1 / AA)				
Nav Canada (sub) (AA-/Aa2/AAL)				
City of Toronto (AA / Aa1 / AA)				
Bank ABS (AAA / - / AAA)				
Auto ABS (Ford) (AAA / Aaa / AAA)				
NHA MBS (AAA / Aaa / AAA)				
AA CMBS (USD Swaps)				
AA Taxable Municipal Bonds (US Treasuries)				

Indicative New Issue Spreads - Jr. Sub Notes (A/Aa2)	NBF			
	15-year	10-year	5-year	3-year
Benchmark Canada Bond Maturity	1-Jun-33	1-Jun-27	01-Jun-22	01-Sep-20
Benchmark Canada Bond Coupon	5.75%	1.00%	2.75%	0.75%
Benchmark Yield	2.35%	2.30%	2.14%	2.02%
Curve Adjustment (bp)	0.0	0.0	0.0	0.0
Spread to GoC Curve (bp)	156	135	107	92
Re-Offered Yield	3.91%	3.65%	3.21%	2.94%
Commission (bp)	3.9	4.7	7.6	8.7
All-in Yield	3.95%	3.70%	3.29%	3.03%
All-in Spread to GoC Curve (bp)	159.86	139.72	114.57	100.72

Other Comparables (S&P/Moody's/ DBRS)	NBF			
Spread to GoC Curve (bp)	15-year	10-year	5-year	3-year
Ontario Power Generation (BBB+/A low)	132.0	115.0	90.0	75.0
Highway 407 (A, A)	104.1	85.0	65.0	55.0
Enbridge Gas Distribution (A-, A)	109.9	95.0	75.0	60.0
Hydro One (A3/A high)	112.0	95.0	70.0	60.0
Schedule 1 Bank ABS (A)	174.1	155.0	135.0	120.0
ABS - Eagle 2017-1 Sub A Rated Tranche				
ABS - BMO Fortified Sub A Rated Tranche				
Hydro One (A/A3/AH)				
OPG (BBB+/-/AL)				
10-year A CMBS (USD Swaps)				

A Taxable Municipal Bonds (US Treasuries)				

Indicative New Issue Spreads

Week of April 19, 2018

Indicative New Issue Spreads - Senior Notes (AAA/Aa2)	RBC	RBC	RBC	RBC	RBC	RBC	Scotia	Scotia	Scotia	Scotia	Scotia	Scotia	TD	TD	TD	TD	TD	TD
	RBC						Scotia						TD					
	Current						Current						Current					
	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37	1-Jun-29	1-Jun-27	01-Mar-23	01-Mar-21	01-Dec-48	1-Jun-37	1-Jun-33	1-Jun-27	01-Mar-23	01-Mar-21	30-Nov-44	31-May-33	31-May-25	31-May-23	31-May-19	28-Feb-17
Benchmark Canada Bond Coupon	2.75%	5.00%	5.75%	1.00%	1.75%	0.75%	2.75%	5.00%	5.75%	1.00%	1.75%	0.75%	2.75%	5.00%	5.75%	1.00%	1.50%	0.75%
Benchmark Yield	2.31%	2.44%	2.21%	2.16%	2.01%	1.92%	2.43%	2.41%	2.39%	2.33%	2.17%	2.04%	2.45%	2.44%	2.38%	2.35%	2.21%	2.05%
Curve Adjustment (bp)	0.0	0.6	2.9	2.4	0.6	1.1	0.0	0.6	(0.1)	1.4	1.4	1.3	0.0	0.6	2.5	1.6	0.0	1.6
Spread to GoC Curve (bp)	106	107	106	96.00	74	56	117	107	99	92	70	55	115	107	97	90	60	45
Re-Offered Yield	3.37%	3.52%	3.30%	3.14%	2.76%	2.50%	3.60%	3.49%	3.38%	3.26%	2.89%	2.61%	3.60%	3.52%	3.38%	3.26%	2.81%	2.52%
Commission (bp)	2.7	3.9	3.8	4.7	7.6	8.7	2.4	3.7	3.6	4.5	7.7	8.6	2.4	3.2	3.6	4.5	7.4	8.7
All-in Yield	3.39%	3.56%	3.34%	3.19%	2.84%	2.58%	3.62%	3.53%	3.41%	3.31%	2.96%	2.69%	3.62%	3.55%	3.41%	3.31%	2.88%	2.61%
All-in Spread to GoC Curve (bp)	108.67	110.87	109.84	100.70	81.56	64.71	119.36	110.74	102.60	96.52	77.68	63.65	117.40	110.20	100.60	94.50	67.40	53.70

Primary Comparable (S&P/Moody's/ DBRS)	RBC						Scotia						TD					
Spread to GoC Curve (bp)	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year
Province of Ontario (AA- / Aa2 / AA(L))	81	75	81	71	49	31	78	78	77	67	45	28	78	78	73	68	45	29

Other Comparables (S&P/Moody's/ DBRS)	RBC						Scotia						TD					
Spread to GoC Curve (bp)	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year
Canada Mortgage & Housing Corp (AAA/Aaa/AAA)	n/a	n/a	n/a	41	33	18												
City of Toronto (AA/Aa1/AA)	103	97	100	88	65	46												
Hydro One Inc. (A(H)/A3/A)	142	n/a	n/a	98	66	56												
Ontario Power Generation Inc. (A(low)/-BBB+)	162	n/a	n/a	120	89	77	165	0	0	120	95	81		134	124	100	92	72
Toronto Hydro Corporation (A-/A)	135	n/a	n/a	95	62	52												
Canadian National Railway Co (A/A2/A)	135	n/a	n/a	95	71	62												
Greater Toronto Airports Authority (A(high)/Aa3/A+)	102	n/a	n/a	81	61	51												
NAV Canada (AA(low)/Aa2/AA-)	101	n/a	n/a	81	61	51												
OPB Finance Trust (AA+/A-(H))																		
Covered Bond - Bank (AAA/Aaa/AAA)														107	97	92	88	65
Schedule I Bank deposit notes (A1-Aa2 ; A-AA- ; AA)														N/A	N/A	N/A	85	66
Schedule I Bank covered bonds (Aaa ; AAA ; AAA)																		
Schedule I Bank ABS (Aaa ; AAA ; AAA)																		
ABS - Eagle 2017-1 A (AAA)																		
ABS - BMO Fortified (HELOC ABS) (AAA/AAA)																		
MBS - BAML NHA MBS (AAA/AAA)																		
CMBs: (AAA/Aaa/AAA)																		
PSP Investments (AAA/Aaa/AAA)																		
CPP Investment Board (AAA/Aaa/AAA)							82	0	0	72	49	32						
BMO (Senior) (A+/A1/AA)																		
Nova Scotia Power (BBB+ / - / A(I))																		
FortisAlberta (A- / Baa1 / A(I))																		
Brookfield Renewable Energy Partners (BBB / - / BBB(H))																		
Bruce Power (BBB / Baa2 / BBB)																		
City of Toronto (- / Aa1 / AA)																		
BNS - Denior Deposit Notes							132	0	0	102	86	76						
Golden Credit Card Trust							0	0	0	99	83	72						
Master Credit Card Trust							0	0	0	99	83	72						
AAA CMBS (USD Swaps)																		
AAA Taxable Municipal Bonds (US Treasuries)																		

Indicative New Issue Spreads - Sub Notes (AA/Aa2)	RBC						Scotia						TD					
	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year
Benchmark Canada Bond Maturity	01-Dec-48	01-Jun-37	01-Jun-29	01-Jun-27	01-Mar-23	01-Mar-21	01-Dec-48	01-Jun-37	01-Jun-33	01-Jun-27	01-Mar-23	01-Mar-21	30-Nov-44	31-May-33	31-May-25	31-May-23	31-May-19	28-Feb-17
Benchmark Canada Bond Coupon	2.75%	5.00%	5.75%	1.00%	1.75%	0.75%	2.75%	5.00%	5.75%	1.00%	1.75%	0.75%	2.75%	5.00%	5.75%	1.00%	1.50%	0.75%
Benchmark Yield	2.31%	2.44%	2.21%	2.16%	2.01%	1.92%	2.43%	2.41%	2.39%	2.33%	2.17%	2.04%	2.45%	2.44%	2.38%	2.35%	2.21%	2.05%
Curve Adjustment (bp)	0.0	0.6	2.9	2.4	0.6	1.1	0.0	0.6	(0.1)	1.4	1.4	1.3	0.0	0.6	2.5	1.6	0.0	1.6
Spread to GoC Curve (bp)	138	137	138	128	106	88	152	142	129	122	100	85	145	137	127	120	90	75
Re-Offered Yield	3.69%	3.82%	3.62%	3.46%	3.08%	2.82%	3.95%	3.84%	3.68%	3.56%	3.19%	2.91%	3.90%	3.82%	3.68%	3.56%	3.11%	2.82%
Commission (bp)	2.8	0.0	3.9	4.8	7.6	8.8	2.4	3.7	3.6	4.5	7.7	8.6	2.4	3.2	3.6	4.5	7.4	8.7
All-in Yield	3.71%	3.82%	3.66%	3.51%	3.16%	2.90%	3.97%	3.88%	3.71%	3.61%	3.26%	2.99%	3.92%	3.85%	3.71%	3.61%	3.18%	2.91%
All-in Spread to GoC Curve (bp)	140.78	137.00	141.92	132.78	113.62	96.76	154.36	145.74	132.60	126.52	107.68	93.65	147.40	140.20	130.60	124.50	97.40	83.70

Other Comparables (S&P/Moody's/ DBRS)	RBC						Scotia						TD					
Spread to GoC Curve (bp)	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year
RBC Sr-Sub	n/a	n/a	n/a	83	63	n/a												
Highway 407 (A, A)																		
NAV Canada (AA-, AA low)																		
GTAA (Aa3, A+)																		
Hydro One (A3/A/A high)																		
ABS - BMO Fortified (HELOC ABS) (AA/AA)																		
ABS - Ford Floorplan Auto Securitization (AA / AA / AA)																		
BMO (Senior) (A+/A1/AA)																		
Nav Canada (sub) (AA-/Aa2/AAL)																		
City of Toronto (AA / Aa1 / AA)																		
Bank ABS (AAA / - / AAA)																		
Auto ABS (Ford) (AAA / Aaa / AAA)																		
NHA MBS (AAA / Aaa / AAA)																		
AA CMBS (USD Swaps)																		
AA Taxable Municipal Bonds (US Treasuries)																		

Indicative New Issue Spreads - Jr. Sub Notes (A/Aa2)	RBC						Scotia						TD					
	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37	1-Jun-29	1-Jun-27	01-Mar-23	01-Mar-21	01-Dec-48	1-Jun-37	1-Jun-33	1-Jun-27	01-Mar-23	01-Mar-21	30-Nov-44	31-May-33	31-May-25	31-May-23	31-May-19	28-Feb-17
Benchmark Canada Bond Coupon	2.75%	5.00%	5.75%	1.00%	1.75%	0.75%	2.75%	5.00%	5.75%	1.00%	1.75%	0.75%	2.75%	5.00%	5.75%	1.00%	1.50%	0.75%
Benchmark Yield	2.31%	2.44%	2.21%	2.16%	2.01%	1.92%	2.43%	2.41%	2.39%	2.33%	2.18%	2.04%	2.45%	2.44%	2.38%	2.35%	2.21%	2.05%
Curve Adjustment (bp)	0.0	0.6	2.9	2.4	0.6	1.1	0.0	0.6	(0.1)	1.4	1.4	1.3	0.0	0.6	2.5	1.6	0.0	1.6
Spread to GoC Curve (bp)	174	171	174	164	142	124	190	180	159	152	130	115	175	167	157	150	120	105
Re-Offered Yield	4.05%	4.16%	3.98%	3.82%	3.44%	3.18%	4.33%	4.22%	3.98%	3.86%	3.49%	3.21%	4.20%	4.12%	3.98%	3.86%	3.41%	3.12%
Commission (bp)	2.9	0.0	4.0	4.9	7.7	8.8	2.4	3.7	3.6	4.5	7.7	8.6	2.4	3.2	3.6	4.5	7.4	8.7
All-in Yield	4.08%	4.16%	4.02%	3.87%	3.52%	3.26%	4.35%	4.26%	4.01%	3.91%	3.57%	3.29%	4.22%	4.15%	4.01%	3.91%	3.48%	3.21%
All-in Spread to GoC Curve (bp)	176.90	171.00	178.02	168.86	149.69	132.82	192.36	183.74	162.60	156.52	137.68	123.65	177.40	170.20	160.60	154.50	127.40	113.70

Other Comparables (S&P/Moody's/ DBRS)	RBC						Scotia						TD					
Spread to GoC Curve (bp)	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year	3-year
Ontario Power Generation (BBB+/A low)																		
Highway 407 (A-, A)																		
Enbridge Gas Distribution (A-, A)																		
Hydro One (A3/A/A high)																		
Schedule 1 Bank ABS (A)																		
ABS - Eagle 2017-1 Sub A Rated Tranche																		
ABS - BMO Fortified Sub A Rated Tranche																		
Hydro One (A/A3/AH)																		
OPG (BBB+/A/L)																		
10-year A CMBS (USD Swaps)																		

[illegible]

	Fair Hydro Spread to Ontarios		
	5 Year	10 Year	15 Year
5-Feb-18	18.3	21.8	23.9
8-Feb-18	19.3	22.4	24.6
12-Feb-18	19.3	22.7	24.8
20-Feb-18	19.9	20.0	24.0
26-Feb-18	19.6	16.9	23.2
5-Mar-18	20.8	19.4	23.2
12-Mar-18	21.7	21.6	23.7
19-Mar-18	23.0	23.9	27.5
26-Mar-18	22.9	23.5	26.6
3-Apr-18	21.9	20.0	24.3
9-Apr-18	18.3	18.0	22.6
19-Apr-18	21.3	21.0	24.8

		Fair Hydro Spread to GOC				
20 Year	30 Year	5 Year	10 Year	15 Year	20 Year	
27.2	29.7	56.8	80.6	91.2		
28.3	30.8	59.3	81.4	92.0		
29.1	31.4	61.0	83.7	94.5		
28.8	32.6	59.8	82.1	94.1		
28.6	31.9	59.4	82.1	94.0		
27.8	30.8	63.4	84.9	96.7		
28.9	32.2	63.8	85.3	97.0		
32.6	35.7	63.7	86.6	97.4		
31.1	35.0	65.8	88.6	99.4		
29.8	32.8	68.0	90.6	102.5		
28.0	31.2	68.4	90.7	103.0		
30.7	35.4	66.5	88.0	100.1	107.0	

Ontario Spread to GOC					
30 Year	5 Year	10 Year	15 Year	20 Year	30 Year
99.1	38.5	58.8	67.3		69.4
100.4	40.1	59.0	67.4		69.7
103.6	41.7	61.0	69.7		72.2
104.8	39.8	62.0	70.4		72.2
104.6	39.8	65.1	70.8		72.7
107.1	42.7	65.5	73.5		76.3
107.9	42.2	63.7	73.3		75.8
108.6	40.7	62.7	69.9		72.9
110.6	42.8	65.0	72.8		75.5
113.0	46.1	70.6	78.2		80.2
113.4	50.1	72.8	80.4		82.3
112.6	45.3	67.0	75.3	76.3	77.3

	Fair Hydro Spread to Ontarios		
	5 Year	10 Year	15 Year
5-Feb-18	39.7	44.0	47.7
8-Feb-18	45.3	49.2	53.0
12-Feb-18	46.2	50.3	54.2
20-Feb-18	46.8	48.0	53.2
26-Feb-18	46.4	44.9	52.6
5-Mar-18	47.6	47.4	52.6
12-Mar-18	48.7	49.6	53.1
19-Mar-18	50.0	51.9	57.0
26-Mar-18	50.3	51.8	56.3
3-Apr-18	49.3	48.4	54.2
9-Apr-18	45.5	46.2	53.2
19-Apr-18	48.8	50.3	55.5

		Fair Hydro Spread to GOC				
20 Year	30 Year	5 Year	10 Year	15 Year	20 Year	
51.8	54.7	78.2	102.8	115.0		
57.6	60.3	85.4	108.2	120.4		
59.3	61.9	87.8	111.3	123.9		
58.9	63.0	86.6	110.1	123.6		
58.8	62.4	86.3	110.1	123.4		
57.9	61.2	90.3	112.9	126.1		
59.0	62.6	90.8	113.3	126.4		
62.7	66.1	90.7	114.6	126.8		
61.2	65.7	93.1	116.8	129.1		
60.5	63.8	95.3	119.0	132.3		
58.5	62.3	95.6	119.0	132.7		
62.2	67.3	94.0	117.3	130.9	138.6	

Ontario Spread to GOC					
30 Year	5 Year	10 Year	15 Year	20 Year	30 Year
124.1	38.5	58.8	67.3		69.4
130.0	40.1	59.0	67.4		69.7
134.1	41.7	61.0	69.7		72.2
135.2	39.8	62.0	70.4		72.2
135.1	39.8	65.1	70.8		72.7
137.6	42.7	65.5	73.5		76.3
138.3	42.2	63.7	73.3		75.8
139.0	40.7	62.7	69.9		72.9
141.3	42.8	65.0	72.8		75.5
144.0	46.1	70.6	78.2		80.2
144.3	50.1	72.8	79.5		81.9
144.5	45.3	67.0	75.3	76.3	77.3

	Fair Hydro Spread to Ontarios		
	5 Year	10 Year	15 Year
5-Feb-18	60.8	66.8	73.7
8-Feb-18	72.6	78.3	86.1
12-Feb-18	76.0	81.8	93.2
20-Feb-18	76.4	83.6	92.2
26-Feb-18	76.1	80.5	91.6
5-Mar-18	77.3	83.0	91.6
12-Mar-18	78.3	85.2	92.1
19-Mar-18	79.7	87.5	96.0
26-Mar-18	80.3	87.7	95.6
3-Apr-18	79.9	84.7	93.9
9-Apr-18	76.2	82.5	92.9
19-Apr-18	79.8	86.9	95.5

Fair Hydro Spread to GOC					
20 Year	30 Year	5 Year	10 Year	15 Year	20 Year
80.4	84.5	99.3	125.6	141.0	
92.5	96.8	112.7	137.3	153.5	
96.6	101.5	117.7	142.8	162.9	
99.5	104.0	116.3	145.6	162.6	
98.5	103.4	115.9	145.6	162.4	
97.9	102.2	119.9	148.5	165.1	
99.2	103.6	120.5	148.9	165.4	
102.3	107.1	120.3	150.1	165.8	
101.0	107.0	123.1	152.7	168.4	
100.9	105.3	126.0	155.3	172.1	
99.4	103.8	126.3	155.3	172.4	
103.7	109.4	125.0	153.9	170.9	180.0

Ontario Spread to GOC					
30 Year	5 Year	10 Year	15 Year	20 year	30 Year
153.9	38.5	58.8	67.3		69.4
166.5	40.1	59.0	67.4		69.7
173.7	41.7	61.0	69.7		72.2
176.2	39.8	62.0	70.4		72.2
176.1	39.8	65.1	70.8		72.7
178.6	42.7	65.5	73.5		76.3
179.3	42.2	63.7	73.3		75.8
180.0	40.7	62.7	69.9		72.9
182.6	42.8	65.0	72.8		75.5
185.4	46.1	70.6	78.2		80.2
185.7	50.1	72.8	79.5		81.9
186.6	45.3	67.0	75.3	76.3	77.3

Indicative New Issue Spreads - Senior Notes (AAA/Aa2)	Current	
	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.43%	2.42%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	108	107
Re-Offered Yield	3.51%	3.49%
Commission (bp)	2.7	3.4
All-in Yield	3.54%	3.52%

Primary Comparable (S&P/Moody's/ DBRS)	Current	
	30-year	20-year
Spread to GoC Curve (bp)		
ONTARIO: (A+/Aa2/AAL)	75	75

Other Comparables (S&P/Moody's/ DBRS)	Current	
	30-year	20-year
Spread to GoC Curve (bp)		
ABS - Eagle 2017-1 A (AAA)		
ABS - BMO Fortified (HELOC ABS) (AAA/AAA)		
MBS - BAML NHA MBS (AAA/AAA)		
CMBs: (AAA/Aaa/AAA)		
PSP Investments (AAA/Aaa/AAA)		
CPP Investment Board (AAA/Aaa/AAA)	91	
BMO (Senior) (A+/A1/AA)	122	
Nav Canada (sub) (AA-/Aa2/AAL)	99	

Indicative New Issue Spreads - Sub Notes (AA/Aa2)	Current	
	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	01-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.43%	2.42%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	147	146
Re-Offered Yield	3.90%	3.88%
Commission (bp)	2.8	3.5
All-in Yield	3.93%	3.92%

Primary Comparable (S&P/Moody's/ DBRS)	Current	
	30-year	20-year
Spread to GoC Curve (bp)		
Province of Ontario (AA- / Aa2 / AA(L))	75	75

Other Comparables (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	20-year
ABS - BMO Fortified (HELOC ABS) (AA/AA)		
ABS - Ford Floorplan Auto Securitization (AA / AA / AA)		
BMO (Senior) (A+/A1/AA)	122	
Nav Canada (sub) (AA-/Aa2/AAL)	99	
City of Toronto (AA / Aa1 / AA)	96	95

Indicative New Issue Spreads - Jr. Sub Notes (A/Aa2)	Current	
	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.43%	2.42%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	221	217
Re-Offered Yield	4.64%	4.59%
Commission (bp)	2.9	3.7
All-in Yield	4.67%	4.63%

Primary Comparable (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	20-year
Province of Ontario (AA- / Aa2 / AA(L))	75	75

Other Comparables (S&P/Moody's/ DBRS)	Current	
Spread to GoC Curve (bp)	30-year	20-year
ABS - Eagle 2017-1 Sub A Rated Tranche		
ABS - BMO Fortified Sub A Rated Tranche		
Hydro One (A/A3/AH)	137	
OPG (BBB+/-/AL)	166	

Generic Corporate Credit Spreads AA	101	
Generic Corporate Credit Spreads A	159	
Generic Corporate Credit Spreads BBB	233	

* Generic Corporate Credit Spreads derived from an average of all Corporate Bonds included

Bank Nam
Date

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
1-Jun-29	1-Jun-27	01-Sep-22	01-Sep-20					
5.75%	1.00%	2.75%	0.75%					
2.37%	2.33%	2.18%	1.99%	10bps	11bps	13bps	15bps	14bps
1.9	1.7	1.5	6.9	0bps	0bps	-1bps	-1bps	1bps
100	90	66	50	1bps	1bps	-2bps	-1bps	-1bps
3.39%	3.25%	2.85%	2.56%	11bps	12bps	10bps	13bps	13bps
3.4	4.6	7.5	6.9					
3.43%	3.30%	2.92%	2.63%	11bps	12bps	10bps	13bps	13bps

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
73	65	43	28	-7bps	-7bps	-7bps	-7bps	-7bps

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
41	36	88						-1bps
		82	67					-1bps
		67	52					-1bps
		29	17			-5bps	-5bps	-3bps
		71	32				-3bps	-3bps
		71	32	-3bps			-3bps	-3bps
		97	70	-1bps			-1bps	1bps
		82	52	-5bps			-5bps	-5bps

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
01-Jun-29	01-Jun-27	01-Sep-22	01-Sep-20					
5.75%	1.00%	2.75%	0.75%					
2.37%	2.33%	2.18%	1.99%	10bps	11bps	13bps	15bps	14bps
1.9	1.7	1.5	6.9	0bps	0bps	-1bps	-1bps	1bps
138	119	91	75	1bps	1bps	-2bps	-1bps	-1bps
3.77%	3.54%	3.10%	2.81%	11bps	12bps	10bps	13bps	13bps
3.5	4.7	7.5	6.9					
3.81%	3.59%	3.17%	2.88%	11bps	12bps	10bps	13bps	13bps

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
73	65	43	28	-7bps	-7bps	-7bps	-7bps	-7bps

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
93			87					
			102					
	97	82	70	-1bps			-1bps	1bps
	82	57	52	-5bps			-5bps	-5bps
	82	58.5	41.5	-7bps	-7bps	-7bps	-7bps	-7bps

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
1-Jun-29	1-Jun-27	01-Sep-22	01-Sep-20					
5.75%	1.00%	2.75%	0.75%					
2.37%	2.33%	2.18%	1.99%	10bps	11bps	13bps	15bps	14bps
1.9	1.7	1.5	6.9	0bps	0bps	-1bps	-1bps	1bps
205	169	135	120	1bps	-1bps	-2bps	-1bps	-1bps
4.44%	4.04%	3.54%	3.26%	11bps	10bps	10bps	13bps	13bps
3.5	4.8	7.6	6.9					
4.48%	4.09%	3.62%	3.33%	11bps	10bps	10bps	13bps	13bps

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
73	65	43	28	-7bps	-7bps	-7bps	-7bps	-7bps

				Week over Week				
15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
		153						-1bps
		135						-1bps
	100	75	62	-5bps			-5bps	-5bps
	119	94	81	-6bps			-6bps	-6bps

	91	70		-4bps			-2bps	-2bps
	119	88		-4bps			-3bps	-2bps
	177	123		-4bps			-4bps	-4bps

Bank of Montreal
19-Apr-18

3-year
10bps
1bps
-2bps
9bps
9bps

3-year
-4bps

3-year
-2bps
-2bps
-1bps
0bps
0bps
-2bps
-3bps

3-year
10bps
1bps
-2bps
9bps
9bps

3-year
-4bps

3-year
-2bps
-2bps
-2bps
-3bps
-4bps

3-year
10bps
1bps
-2bps
9bps
9bps

3-year
-4bps

3-year
-3bps
-4bps

Note: All ratings are to be confirmed

Indicative New Issue Spreads - Senior Notes (AAA/Aa2)	
	30-year
Benchmark Canada Bond Maturity	01-Dec-48
Benchmark Canada Bond Coupon	2.75%
Benchmark Yield	2.43%
Curve Adjustment (bp)	0.0
Spread to GoC Curve (bp)	111
Re-Offered Yield	3.53%
Commission (bp)	2.7
All-in Yield	3.56%

Primary Comparable (S&P/Moody's/ DBRS)	
Spread to GoC Curve (bp)	30-year
Province of Ontario (AA- / Aa2 / AA(I))	75

Other Comparables (S&P/Moody's/ DBRS)	
Spread to GoC Curve (bp)	30-year
OPG (BBB+ / - / A(I))	167
Toronto Hydro (A / - / A)	132
Nova Scotia Power (BBB+ / - / A(I))	150
FortisAlberta (A- / Baa1 / A(I))	138
Brookfield Renewable Energy Partners (BBB / - / BBB(H))	245
Bruce Power (BBB / Baa2 / BBB)	212
City of Toronto (- / Aa1 / AA)	100

Indicative New Issue Spreads - Sub Notes (AA/Aa2)	
	30-year
Benchmark Canada Bond Maturity	01-Dec-48
Benchmark Canada Bond Coupon	2.75%
Benchmark Yield	2.43%
Curve Adjustment (bp)	0.0
Spread to GoC Curve (bp)	138
Re-Offered Yield	3.80%
Commission (bp)	2.7
All-in Yield	3.83%

Primary Comparable (S&P/Moody's/ DBRS)	
Spread to GoC Curve (bp)	30-year
Province of Ontario (AA- / Aa2 / AA(I))	75

Other Comparables (S&P/Moody's/ DBRS)	
Spread to GoC Curve (bp)	30-year
Bank ABS (AAA / - / AAA)	--
Auto ABS (Ford) (AAA / Aaa / AAA)	--
NHA MBS (AAA / Aaa / AAA)	--

Indicative New Issue Spreads - Jr. Sub Notes (A/Aa2)	
	30-year
Benchmark Canada Bond Maturity	01-Dec-48
Benchmark Canada Bond Coupon	2.75%
Benchmark Yield	2.43%
Curve Adjustment (bp)	0.0
Spread to GoC Curve (bp)	165
Re-Offered Yield	4.07%
Commission (bp)	2.7
All-in Yield	4.10%

Primary Comparable (S&P/Moody's/ DBRS)	
Spread to GoC Curve (bp)	30-year
Province of Ontario (AA- / Aa2 / AA(I))	75

Other Comparables (S&P/Moody's/ DBRS)	
Spread to GoC Curve (bp)	30-year

Bank Nam	CIBC
Date	4/19/2018

Bank Nam	
Date	

Current					Week over Week				
20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
01-Jun-37	01-Jun-33	01-Jun-28	01-Jun-25	01-Mar-23	-	-	-	-	-
5.00%	5.75%	2.00%	2.25%	1.75%	-	-	-	-	-
2.444%	2.37%	2.32%	2.26%	2.15%	0.05%	0.06%	0.08%	0.10%	0.11%
0.6	(0.1)	(0.2)	(0.3)	1.5	0.0	(0.1)	0.1	0.1	0.1
107	99	81	62	48	-6	-7	-6	-8	-5
3.52%	3.36%	3.13%	2.88%	2.65%	0.00%	-0.01%	0.02%	0.03%	0.06%
2.7	2.4	2.1	1.8	1.2	-	-	-	-	-
3.55%	3.38%	3.15%	2.90%	2.66%	0.00%	-0.01%	0.02%	0.03%	0.06%

Current					Week over Week				
20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
75	73	65	46	28	-6	-6	-6	-8	-5

Current					Week over Week				
20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
--	--	120	80	64	(8)	--	--	(5)	(3)
--	--	96	69	57	(4)	--	--	0	0
--	--	107	78	63	(3)	--	--	0	0
--	--	98	70	--	(2)	--	--	0	(1)
--	--	180	127	105	(2)	--	--	(5)	(3)
--	--	152	114	--	(8)	--	--	(8)	0
101	--	81.5	--	--	(6)	(5)	--	(6)	--

Current					Week over Week				
20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
01-Jun-37	01-Jun-33	01-Jun-28	01-Jun-25	01-Mar-23	-	-	-	-	-
5.00%	5.75%	2.00%	2.25%	1.75%	-	-	-	-	-
2.444%	2.37%	2.32%	2.26%	2.15%	0.05%	0.06%	0.08%	0.10%	0.11%
0.6	(0.1)	(0.2)	(0.3)	1.5	0	(0)	0	0	0
134	126	108	89	75	(6)	(7)	(6)	(8)	(5)
3.79%	3.63%	3.40%	3.15%	2.92%	0.00%	-0.01%	0.02%	0.03%	0.06%
2.7	2.4	2.1	1.8	1.2	0.00%	0.00%	0.00%	0.00%	0.00%
3.82%	3.65%	3.42%	3.17%	2.93%	0.00%	-0.01%	0.02%	0.03%	0.06%

Current					Week over Week				
20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
75	73	65	46	28	(6)	(6)	(6)	(8)	(5)

[illegible]

Current					Week over Week				
20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
1-Jun-37	1-Jun-33	1-Jun-28	01-Jun-25	01-Mar-23	-	-	-	-	-
5.00%	5.75%	2.00%	2.25%	1.75%	-	-	-	-	-
2.444%	2.37%	2.32%	2.26%	2.15%	0.05%	0.06%	0.08%	0.10%	0.11%
0.6	(0.1)	(0.2)	(0.3)	1.5	0	(0)	0	0	0
161	153	135	116	102	(6)	(7)	(6)	(8)	(5)
4.06%	3.90%	3.67%	3.42%	3.19%	0.00%	-0.01%	0.02%	0.03%	0.06%
2.7	2.4	2.1	1.8	1.2	-	-	-	-	-
4.09%	3.92%	3.69%	3.44%	3.20%	0.00%	-0.01%	0.02%	0.03%	0.06%

Current					Week over Week				
20-year	15-year	10-year	5-year	3-year	30-year	20-year	15-year	10-year	5-year
75	73	65	46	28	(6)	(6)	(6)	(8)	(5)

[illegible]

CIBC
4/16/2018

3-year
-
-
0.10%
0.5
-3
0.08%
-
0.08%

3-year
-3

3-year
(3)
0
0
--
(2)
--
--

3-year
-
-
0.10%
1
(3)
0.08%
0.00%
0.08%

3-year
(3)

3-year
-2
-1
0

3-year
-
-
0.10%
1
(3)
0.08%
-
0.08%

3-year
(3)

3-year

	30-year	20-year
Benchmark Canada Bond Maturity	1DEC48	1JUN37 and 1JUN41
Benchmark Canada Bond Coupon	2.750%	5.000%
Benchmark Yield	2.431%	2.444%
Curve Adjustment (bp)	0.000%	0.006%
Spread to GoC Curve (bp)	1.170%	1.070%
Re-Offered Yield	3.601%	3.514%
Commission (bp)	0.017%	0.025%
All-in Yield	3.62%	3.54%

Primary Comparable (S&P/Moody's/ DBRS)		
	30-year	20-year
Spread to GoC Curve (bp)		
Province of Ontario (AA- / Aa2 / AA(I))	0.7440%	0.74500%

Other Comparables (S&P/Moody's/ DBRS)		
	30-year	20-year
Spread to Relevant Benchmark (bp)		
AAA CMBS (USD Swaps)		
AAA Taxable Municipal Bonds (US Treasuries)	+95 AREA	-85 AREA (vs 30y U

Indicative New Issue Spreads - Sub Notes (AA/Aa2)		
	30-year	20-year
Benchmark Canada Bond Maturity	1DEC48	1JUN37 and 1JUN41
Benchmark Canada Bond Coupon	2.750%	4.000%
Benchmark Yield	2.431%	2.444%
Curve Adjustment (bp)	0.000%	0.007%
Spread to GoC Curve (bp)	1.520%	1.420%
Re-Offered Yield	3.951%	3.864%
Commission (bp)	0.017%	0.025%
All-in Yield	3.97%	3.89%

Primary Comparable (S&P/Moody's/ DBRS)		

Spread to GoC Curve (bp)	30-year	20-year
Province of Ontario (AA- / Aa2 / AA(I))	0.7440%	0.74500%

Other Comparables (S&P/Moody's/ DBRS)		
Spread to Relevant Benchmark (bp)	30-year	20-year
AA CMBS (USD Swaps)	+115 - 120 AREA	00 AREA (vs 30y US
AA Taxable Municipal Bonds (US Treasuries)		

Indicative New Issue Spreads - Jr. Sub Notes (A/Aa2)		
	30-year	20-year
Benchmark Canada Bond Maturity	1DEC48	1JUN37 and 1JUN41
Benchmark Canada Bond Coupon	2.750%	4.000%
Benchmark Yield	2.431%	2.444%
Curve Adjustment (bp)	0.000%	0.007%
Spread to GoC Curve (bp)	2.120%	2.020%
Re-Offered Yield	4.551%	4.464%
Commission (bp)	0.017%	0.025%
All-in Yield	4.57%	4.49%

Primary Comparable (S&P/Moody's/ DBRS)		
Spread to GoC Curve (bp)	30-year	20-year
Province of Ontario (AA- / Aa2 / AA(I))	0.7440%	0.74500%

Other Comparables (S&P/Moody's/ DBRS)		
Spread to Relevant Benchmark (bp)	30-year	20-year
10-year A CMBS (USD Swaps)	+140 - 145 AREA	- 130 AREA (vs 30y
A Taxable Municipal Bonds (US Treasuries)		

Bank Name	GS
Date	4/19/2018

Week over Week				
20-year	15-year	10-year	5-year	3-year

Week over Week				
20-year	15-year	10-year	5-year	3-year

Versus 4.17.19 Template				
20-year	15-year	10-year	5-year	3-year
+0 bps	+0 bps	+0 bps +0 bps	+0 bps	+0 bps

[illegible]

Week over Week

Fair Hydro Trust, Indicative Spreads from NBC

(Moody's, DBRS)

Indicative New Issue Spreads - Senior Notes (Aa2/AAA)	
	30-year
Benchmark Canada Bond Maturity	01-Dec-48
Benchmark Canada Bond Coupon	2.75%
Benchmark Yield	2.40%
Curve Adjustment (bp)	0.0
Spread to GoC Curve (bp)	115
Re-Offered Yield	3.55%
Commission (bp)	2.7
All-in Yield	3.58%

Primary Comparable (S&P/Moody's/ DBRS)	
	30-year
Spread to GoC Curve (bp)	
Province of Ontario (AA- / Aa2 / AA(L))	78

Other Comparables (S&P/Moody's/ DBRS)	
	30-year
Spread to GoC Curve (bp)	
Schedule I Bank deposit notes (A1-Aa2 ; A-AA- ; AA)	140
Schedule I Bank covered bonds (Aaa ; AAA ; AAA)	123
Schedule I Bank ABS (Aaa ; AAA ; AAA)	145
FHT Series 2018-1	

Indicative New Issue Spreads - Sub Notes (Aa2/AA)	
	30-year
Benchmark Canada Bond Maturity	01-Dec-48
Benchmark Canada Bond Coupon	2.75%
Benchmark Yield	2.40%
Curve Adjustment (bp)	0.0
Spread to GoC Curve (bp)	140
Re-Offered Yield	3.80%
Commission (bp)	2.7
All-in Yield	3.83%

Primary Comparable (S&P/Moody's/ DBRS)	
	30-year
Spread to GoC Curve (bp)	
Province of Ontario (AA- / Aa2 / AA(L))	78

Other Comparables (S&P/Moody's/ DBRS)	
	30-year
Spread to GoC Curve (bp)	
Highway 407 (A, A)	130
NAV Canada (AA-, AA low)	100
GTAA (Aa3, A+)	100
Hydro One (A3/A/A high)	135

Indicative New Issue Spreads - Jr. Sub Notes (Aa2/A)	
	30-year
Benchmark Canada Bond Maturity	01-Dec-48
Benchmark Canada Bond Coupon	2.75%
Benchmark Yield	2.40%
Curve Adjustment (bp)	0.0
Spread to GoC Curve (bp)	170
Re-Offered Yield	4.10%
Commission (bp)	2.7
All-in Yield	4.13%

Primary Comparable (S&P/Moody's/ DBRS)	
Spread to GoC Curve (bp)	30-year
Province of Ontario (AA- / Aa2 / AA(L))	78

Other Comparables (S&P/Moody's/ DBRS)	
Spread to GoC Curve (bp)	30-year
Ontario Power Generation (BBB+/A low)	155
Highway 407 (A, A)	130
Enbridge Gas Distribution (A-, A)	130
Hydro One (A3/A/A high)	135
Schedule 1 Bank ABS (A)	200

Current			
20-year	15-year	10-year	5-year
1-Jun-37	1-Jun-33	1-Jun-27	01-Jun-22
5.00%	5.75%	1.00%	2.75%
2.39%	2.35%	2.30%	2.14%
0.0	0.0	0.0	0.0
107	103	90	67
3.46%	3.38%	3.20%	2.81%
3.5	3.9	4.7	7.6
3.49%	3.42%	3.25%	2.89%

Current			
20-year	15-year	10-year	5-year
79	76	66.5	44

Current			
20-year	15-year	10-year	5-year
134	117	100	80
117	100	85	65
138	119	100	80
	100		

Current			
20-year	15-year	10-year	5-year
1-Jun-37	1-Jun-33	1-Jun-27	01-Jun-22
5.00%	5.75%	1.00%	2.75%
2.39%	2.35%	2.30%	2.14%
0.0	0.0	0.0	0.0
132	126	112	88
3.71%	3.61%	3.42%	3.02%
3.5	3.9	4.7	7.6
3.74%	3.65%	3.47%	3.10%

Current			
20-year	15-year	10-year	5-year
79	76	67	44

Current			
20-year	15-year	10-year	5-year
123	104	85	65
97	89	80	55
97	89	80	55
129	112	95	70

Current			
20-year	15-year	10-year	5-year
1-Jun-37	1-Jun-33	1-Jun-27	01-Jun-22
5.00%	5.75%	1.00%	2.75%
2.39%	2.35%	2.30%	2.14%
0.0	0.0	0.0	0.0
162	156	135	107
4.01%	3.91%	3.65%	3.21%
3.5	3.9	4.7	7.6
4.04%	3.95%	3.70%	3.29%

Current			
20-year	15-year	10-year	5-year
79	76	67	44

Current			
20-year	15-year	10-year	5-year
149	132	115	90
123	104	85	65
125	110	95	75
129	112	95	70
193	174	155	135

	Week 1		
3-year	30-year	20-year	15-year
01-Sep-20	01-Dec-48	1-Jun-37	1-Jun-29
0.75%	0.00%	0.00%	0.00%
2.02%	0.08%	0.09%	0.11%
0.0	0.0	0.0	0.0
52	-3	-8	-3
2.54%	0.05%	0.01%	0.08%
8.7	0.0	0.0	0.0
2.63%	0.05%	0.01%	0.08%

	Week 2		
3-year	30-year	20-year	15-year
28	-5	-4	-5.5

	Week 3		
3-year	30-year	20-year	15-year
70	0	0	0
57	0	0	0
70	0	0	0
	0	0	-2

	Week 4		
3-year	30-year	20-year	15-year
01-Sep-20	01-Dec-48	01-Jun-37	01-Jun-29
0.75%	0.00%	0.00%	0.00%
2.02%	0.08%	0.09%	0.11%
0.0	0.0	0.0	0.0
73	-3	-8	-3
2.75%	0.05%	0.01%	0.08%
8.7	0.0	0.0	0.0
2.84%	0.05%	0.01%	0.08%

	Week 5		
3-year	30-year	20-year	15-year
28	-5	-4	-6

	Week 6		
3-year	30-year	20-year	15-year
55	-5	-5	-5
45	-5	-5	-5
45	-5	-5	-5
60	-5	-5	-5

	Week of		
3-year	30-year	20-year	15-year
01-Sep-20	01-Dec-48	1-Jun-37	1-Jun-29
0.75%	0.00%	0.00%	0.00%
2.02%	0.08%	0.09%	0.11%
0.0	0.0	0.0	0.0
92	-3	-8	-3
2.94%	0.05%	0.01%	0.08%
8.7	0.0	0.0	0.0
3.03%	0.05%	0.01%	0.08%

	Week of		
3-year	30-year	20-year	15-year
28	-5	-4	-6

	Week of		
3-year	30-year	20-year	15-year
75	-10	-10	-10
55	-5	-5	-5
60	-5	-5	-5
60	-5	-5	-5
120	0	0	0

Bank Name	National Bank of Canada
Date	4/19/2018

over Week

10-year	5-year	3-year
1-Jun-27	01-Jun-22	01-Sep-20
0.00%	0.00%	0.00%
0.13%	0.13%	0.09%
0.0	0.0	0.0
-3	-3	-3
0.10%	0.10%	0.06%
0.0	0.0	0.0
0.10%	0.10%	0.06%

over Week

10-year	5-year	3-year
-6	-5.5	-4

over Week

10-year	5-year	3-year
0	0	0
0	0	0
0	0	0
0	0	0

over Week

10-year	5-year	3-year
01-Jun-27	01-Jun-22	01-Sep-20
0.00%	0.00%	0.00%
0.13%	0.13%	0.09%
0.0	0.0	0.0
-3	-3	-3
0.10%	0.10%	0.06%
0.0	0.0	0.0
0.10%	0.10%	0.06%

over Week

10-year	5-year	3-year
-6	-6	-4

over Week

10-year	5-year	3-year
-5	0	0
-5	-5	-5
-5	-5	-5
-5	-5	0

over Week		
10-year	5-year	3-year
1-Jun-27	01-Jun-22	01-Sep-20
0.00%	0.00%	0.00%
0.13%	0.13%	0.09%
0.0	0.0	0.0
-3	-3	-3
0.10%	0.10%	0.06%
0.0	0.0	0.0
0.10%	0.10%	0.06%

over Week		
10-year	5-year	3-year
-6	-6	-4

over Week		
10-year	5-year	3-year
-10	-5	-5
-5	0	0
-5	-5	0
-5	-5	0
0	0	0

Indicative New Issue Spreads - Senior Notes (AAA/Aa2)	
	30-year
Benchmark Canada Bond Maturity	01-Dec-48
Benchmark Canada Bond Coupon	2.75%
Benchmark Yield	2.31%
Curve Adjustment (bp)	0.0
Spread to GoC Curve (bp)	106
Re-Offered Yield	3.37%
Commission (bp)	2.7
All-in Yield	3.39%

Primary Comparable (S&P/Moody's/ DBRS)	
	30-year
Spread to GoC Curve (bp)	
Province of Ontario (AA- / Aa2 / AA(L))	81

Other Comparables (S&P/Moody's/ DBRS)	
	30-year
Spread to GoC Curve (bp)	
Canada Mortgage & Housing Corp (AAA/Aaa/AAA)	n/a
City of Toronto (AA/Aa1/AA)	103
Hydro One Inc. (A(H)/A3/A)	142
Ontario Power Generation Inc. (A(low)/-/BBB+)	162
Toronto Hydro Corporation (A/-/A)	135
Canadian National Railway Co (A/A2/A)	135
Greater Toronto Airports Authority (A(high)/Aa3/A+)	102
NAV Canada (AA(low)/Aa2/AA-)	101

Indicative New Issue Spreads - Sub Notes (AA/Aa2)	
	30-year
Benchmark Canada Bond Maturity	01-Dec-48
Benchmark Canada Bond Coupon	2.75%
Benchmark Yield	2.31%
Curve Adjustment (bp)	0.0
Spread to GoC Curve (bp)	138
Re-Offered Yield	3.69%
Commission (bp)	2.8
All-in Yield	3.71%

Primary Comparable (S&P/Moody's/ DBRS)	
	30-year
Spread to GoC Curve (bp)	
Province of Ontario (AA- / Aa2 / AA(L))	81

Other Comparables (S&P/Moody's/ DBRS)	
	30-year
Spread to GoC Curve (bp)	
RBC Sr-Sub.	n/a

-- Confidential --

Current			
20-year	15-year	10-year	5-year
1-Jun-37	1-Jun-29	1-Jun-27	01-Mar-23
5.00%	5.75%	1.00%	1.75%
2.44%	2.21%	2.16%	2.01%
0.6	2.9	2.4	0.6
107	106	96	74
3.52%	3.30%	3.14%	2.76%
3.9	3.8	4.7	7.6
3.56%	3.34%	3.19%	2.84%

Current			
20-year	15-year	10-year	5-year
75	81	71	49

Current			
20-year	15-year	10-year	5-year
n/a	n/a	41	33
97	100	88	65
n/a	n/a	98	66
n/a	n/a	120	89
n/a	n/a	95	62
n/a	n/a	95	71
n/a	n/a	81	61
n/a	n/a	81	61

Current			
20-year	15-year	10-year	5-year
01-Jun-37	01-Jun-29	01-Jun-27	01-Mar-23
5.00%	5.75%	1.00%	1.75%
2.44%	2.21%	2.16%	2.01%
0.6	2.9	2.4	0.6
137	138	128	106
3.82%	3.62%	3.46%	3.08%
0.0	3.9	4.8	7.6
3.82%	3.66%	3.51%	3.16%

Current			
20-year	15-year	10-year	5-year
75	81	71	49

Current			
20-year	15-year	10-year	5-year
n/a	n/a	83	63

Current			
20-year	15-year	10-year	5-year
1-Jun-37	1-Jun-29	1-Jun-27	01-Mar-23
5.00%	5.75%	1.00%	1.75%
2.44%	2.21%	2.16%	2.01%
0.6	2.9	2.4	0.6
171	174	164	142
4.16%	3.98%	3.82%	3.44%
0.0	4.0	4.9	7.7
4.16%	4.02%	3.87%	3.52%

Current			
20-year	15-year	10-year	5-year
75	81	71	49

Current			
20-year	15-year	10-year	5-year

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Bank Name
Date

	Week over Week				
3-year	30-year	20-year	15-year	10-year	5-year
01-Mar-21					
0.75%					
1.92%	5.2	5.1	4.5	3.5	2.1
1.1	-	-0.1	0.1	0.5	0.2
56	-	-	-	-	1.0
2.50%	5.2	5.0	4.6	4.0	3.3
8.7	0.0	0.0	0.0	0.0	0.0
2.58%	5.2	5.0	4.6	4.0	3.3

	Week over Week				
3-year	30-year	20-year	15-year	10-year	5-year
31	0.5	-	-	-0.5	1.5

	Week over Week				
3-year	30-year	20-year	15-year	10-year	5-year
18				1.5	1.0
46	-	-	1.5	-0.5	2.0
56	1.0			1.0	1.0
77	-			-	-
52	-			-	-
62	1.0			2.0	2.0
51	1.0			1.0	1.0
51	1.0			1.0	1.0

	Week over Week				
3-year	30-year	20-year	15-year	10-year	5-year
01-Mar-21					
0.75%					
1.92%					
1.1					
88	-	-	-	-	1.0
2.82%	5.2	5.0	4.6	4.0	3.3
8.8	0.02	0.02	0.01	0.01	0.01
2.90%	5.2	5.0	4.6	4.0	3.3

	Week over Week				
3-year	30-year	20-year	15-year	10-year	5-year
31	0.5	-	-	-0.5	1.5

	Week over Week				
3-year	30-year	20-year	15-year	10-year	5-year
n/a				15.0	18.0

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RBC
19-Apr-18

3-year
1.7
0.3
-1.0
1.0
0.0
1.0

3-year
-0.5

3-year
-
0.5
1.0
-
-
1.0
1.0
1.0

3-year
-1.0
1.0
0.00
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3-year
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3-year

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Indicative New Issue Spreads - Senior Notes (AAA/Aa2)		
	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.43%	2.41%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	+117	+107
Re-Offered Yield	3.60%	3.49%
Commission (bp)	2.4	3.7
All-in Yield	3.62%	3.53%

Primary Comparable (S&P/Moody's/ DBRS)		
	30-year	20-year
Spread to GoC Curve (bp)		
Province of Ontario (AA- / Aa2 / AA(L))	78	78

Other Comparables (S&P/Moody's/ DBRS)		
	30-year	20-year
Spread to GoC Curve (bp)		
OPG	165	
CPP	82	
BNS - Denior Deposit Notes	132	
Golden Credit Card Trust		
Master Credit Card Trust		

Indicative New Issue Spreads - Sub Notes (AA/Aa2)		
	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.43%	2.41%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	+152	+142
Re-Offered Yield	3.95%	3.84%
Commission (bp)	2.4	3.7
All-in Yield	3.97%	3.88%

Primary Comparable (S&P/Moody's/ DBRS)		
	30-year	20-year
Spread to GoC Curve (bp)		
Province of Ontario (AA- / Aa2 / AA(L))	78	78

Other Comparables (S&P/Moody's/ DBRS)		
Spread to GoC Curve (bp)	30-year	20-year
Golden Credit Card Trust Master Credit Card Trust		

indicative New Issue Spreads - Jr. Sub Notes (A/Aa)		
	30-year	20-year
Benchmark Canada Bond Maturity	01-Dec-48	1-Jun-37
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.43%	2.41%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	+190	+180
Re-Offered Yield	4.33%	4.22%
Commission (bp)	2.4	3.7
All-in Yield	4.35%	4.26%

Primary Comparable (S&P/Moody's/ DBRS)		
Spread to GoC Curve (bp)	30-year	20-year
Province of Ontario (AA- / Aa2 / AA(L))	78	78

Other Comparables (S&P/Moody's/ DBRS)		
Spread to GoC Curve (bp)	30-year	20-year
Golden Credit Card Trust Master Credit Card Trust		

Current				
15-year	10-year	5-year	3-year	30-year
1-Jun-33	1-Jun-27	01-Mar-23	01-Mar-21	
5.75%	1.00%	1.75%	0.75%	
2.39%	2.33%	2.17%	2.04%	0.09%
(0.1)	1.4	1.4	1.3	0
+99	+92	+70	+55	14
3.38%	3.26%	2.89%	2.61%	0.23%
3.6	4.5	7.7	8.6	0
3.41%	3.31%	2.96%	2.69%	0.23%

Current				
15-year	10-year	5-year	3-year	30-year
76.5	67	45	28	0

Current				
15-year	10-year	5-year	3-year	30-year
	120	95	81	0
	72	49	32	0
	102	86	76	0
	99	83	72	
	99	83	72	

Current				
15-year	10-year	5-year	3-year	30-year
1-Jun-33	1-Jun-27	01-Mar-23	01-Mar-21	
5.75%	1.00%	1.75%	0.75%	
2.39%	2.33%	2.17%	2.04%	0.09%
(0.1)	1.4	1.4	1.3	0
+129	+122	+100	+85	15
3.68%	3.56%	3.19%	2.91%	0.24%
3.6	4.5	7.7	8.6	0
3.71%	3.61%	3.26%	2.99%	0.24%

Current				
15-year	10-year	5-year	3-year	30-year
76.5	67	45	28	0

Current				
15-year	10-year	5-year	3-year	30-year
	99	83	72	
	99	83	72	

Current				
15-year	10-year	5-year	3-year	30-year
1-Jun-33	1-Jun-27	01-Mar-23	01-Mar-21	
5.75%	1.00%	1.75%	0.75%	
2.39%	2.33%	2.18%	2.04%	0.09%
(0.1)	1.4	1.4	1.3	0
+159	+152	+130	+115	18
3.98%	3.86%	3.49%	3.21%	0.27%
3.6	4.5	7.7	8.6	0
4.01%	3.91%	3.57%	3.29%	0.27%

Current				
15-year	10-year	5-year	3-year	30-year
76.5	67	45	28	0

Current				
15-year	10-year	5-year	3-year	30-year
	99	83	72	
	99	83	72	

Bank Name	BNS
Date	4/19/2018

Week over Week				
20-year	15-year	10-year	5-year	3-year
0.09%	0.09%	0.08%	0.06%	0.03%
0	0	0	0	1
5	3	5	2	3
0.14%	0.12%	0.13%	0.08%	0.07%
1	0	0	0	0
0.14%	0.12%	0.13%	0.08%	0.07%

Week over Week				
20-year	15-year	10-year	5-year	3-year
0	0	0	0	0

Week over Week				
20-year	15-year	10-year	5-year	3-year
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0

Week over Week				
20-year	15-year	10-year	5-year	3-year
0.09%	0.09%	0.08%	0.06%	0.03%
0	0	0	0	1
8	4	6	3	4
0.17%	0.13%	0.14%	0.09%	0.08%
1	0	0	0	0
0.17%	0.13%	0.14%	0.10%	0.08%

Week over Week				
20-year	15-year	10-year	5-year	3-year
0	0	0	0	0

Indicative New Issue Spreads - Senior Notes (AAA/Aa2)		
	30-year	20-year
Benchmark Canada Bond Maturity	30-Nov-44	31-May-33
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.45%	2.44%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	115	107
Re-Offered Yield	3.60%	3.52%
Commission (bp)	2.4	3.2
All-in Yield	3.62%	3.55%

Primary Comparable (S&P/Moody's/ DBRS)		
	30-year	20-year
Spread to GoC Curve (bp)		
Province of Ontario (AA- / Aa2 / AA(L))	78	78

Other Comparables (S&P/Moody's/ DBRS)		
	30-year	20-year
Spread to GoC Curve (bp)		
OPB Finance Trust (AA+/-/AA(H))	107	97
Covered Bond - Bank (AAA/Aaa/AAA)	N/A	N/A
Hydro One Inc. (A/A3/AH)	134	124

Indicative New Issue Spreads - Sub Notes (AA/Aa2)		
	30-year	20-year
Benchmark Canada Bond Maturity	30-Nov-44	31-May-33
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.45%	2.44%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	145	137
Re-Offered Yield	3.90%	3.82%
Commission (bp)	2.4	3.2
All-in Yield	3.92%	3.85%

Primary Comparable (S&P/Moody's/ DBRS)		
	30-year	20-year
Spread to GoC Curve (bp)		

Province of Ontario (AA- / Aa2 / AA(L))	78	78

Other Comparables (S&P/Moody's/ DBRS)		
Spread to GoC Curve (bp)	30-year	20-year
MBS		
ABS		

Indicative New Issue Spreads - Jr. Sub Notes (A/Aa2)		
	30-year	20-year
Benchmark Canada Bond Maturity	30-Nov-44	31-May-33
Benchmark Canada Bond Coupon	2.75%	5.00%
Benchmark Yield	2.45%	2.44%
Curve Adjustment (bp)	0.0	0.6
Spread to GoC Curve (bp)	175	167
Re-Offered Yield	4.20%	4.12%
Commission (bp)	2.4	3.2
All-in Yield	4.22%	4.15%

Primary Comparable (S&P/Moody's/ DBRS)		
Spread to GoC Curve (bp)	30-year	20-year
Province of Ontario (AA- / Aa2 / AA(L))	78	78

Other Comparables (S&P/Moody's/ DBRS)		
Spread to GoC Curve (bp)	30-year	20-year
MBS		
ABS		

Bank Name	TD Securities
Date	4/16/2018

Current				
15-year	10-year	5-year	3-year	30-year
31-May-25	31-May-23	31-May-19	28-Feb-17	-
5.75%	1.00%	1.50%	0.75%	-
2.38%	2.35%	2.21%	2.05%	0.082%
2.5	1.6	0.0	1.6	-
97	90	60	45	-2
3.38%	3.26%	2.81%	2.52%	0.06%
3.6	4.5	7.4	8.7	-
3.41%	3.31%	2.88%	2.61%	0.06%

Current				
15-year	10-year	5-year	3-year	30-year
73	68	45	29	(5.0)

Current				
15-year	10-year	5-year	3-year	30-year
92	88	65	44	(9)
N/A	85	66	53	N/A
100	92	72	58	(4)

Current				
15-year	10-year	5-year	3-year	30-year
31-May-25	31-May-23	31-May-19	28-Feb-17	-
5.75%	1.00%	1.50%	0.75%	-
2.38%	2.35%	2.21%	2.05%	0.082%
2.5	1.6	0.0	1.6	-
127	120	90	75	-2
3.68%	3.56%	3.11%	2.82%	0.06%
3.6	4.5	7.4	8.7	-
3.71%	3.61%	3.18%	2.91%	0.06%

Current				
15-year	10-year	5-year	3-year	30-year

73	68	45	29	(5.0)

Current				
15-year	10-year	5-year	3-year	30-year

Current				
15-year	10-year	5-year	3-year	30-year
31-May-25	31-May-23	31-May-19	28-Feb-17	-
5.75%	1.00%	1.50%	0.75%	-
2.38%	2.35%	2.21%	2.05%	0.082%
2.5	1.6	0.0	1.6	-
157	150	120	105	-2
3.98%	3.86%	3.41%	3.12%	0.06%
3.6	4.5	7.4	8.7	-
4.01%	3.91%	3.48%	3.21%	0.06%

Current				
15-year	10-year	5-year	3-year	30-year
73	68	45	29	(5.0)

Current				
15-year	10-year	5-year	3-year	30-year

Bank Name	TD Securities
Date	4/16/2018

Week over Week				
20-year	15-year	10-year	5-year	3-year
-	-	-	-	-
-	-	-	-	-
0.090%	0.121%	0.134%	0.129%	0.084%
-	-	-	-	-
-2	-2	-2	-2	-2
0.07%	0.09%	0.11%	0.11%	0.06%
-	-	-	-	-
0.07%	0.09%	0.11%	0.11%	0.06%

20-year	15-year	10-year	5-year	3-year
(5.0)	(6.0)	(7.0)	(6.0)	(4.0)

20-year	15-year	10-year	5-year	3-year
(9)	-9	(4)	1	-2
N/A	N/A	(1)	-	2
(4)	-	-	2	1

Week over Week				
20-year	15-year	10-year	5-year	3-year
-	-	-	-	-
-	-	-	-	-
0.090%	0.121%	0.134%	0.129%	0.084%
-	-	-	-	-
-2	-2	-2	-2	-2
0.07%	0.09%	0.11%	0.11%	0.06%
-	-	-	-	-
0.07%	0.09%	0.11%	0.11%	0.06%

20-year	15-year	10-year	5-year	3-year

(5.0)	(6.0)	(7.0)	(6.0)	(4.0)

Week over Week				
20-year	15-year	10-year	5-year	3-year

Week over Week				
20-year	15-year	10-year	5-year	3-year
-	-	-	-	-
-	-	-	-	-
0.090%	0.121%	0.134%	0.129%	0.084%
-	-	-	-	-
-2	-2	-2	-2	-2
0.07%	0.09%	0.11%	0.11%	0.06%
-	-	-	-	-
0.07%	0.09%	0.11%	0.11%	0.06%

20-year	15-year	10-year	5-year	3-year
(5.0)	(6.0)	(7.0)	(6.0)	(4.0)

Week over Week				
20-year	15-year	10-year	5-year	3-year



Financing Plan



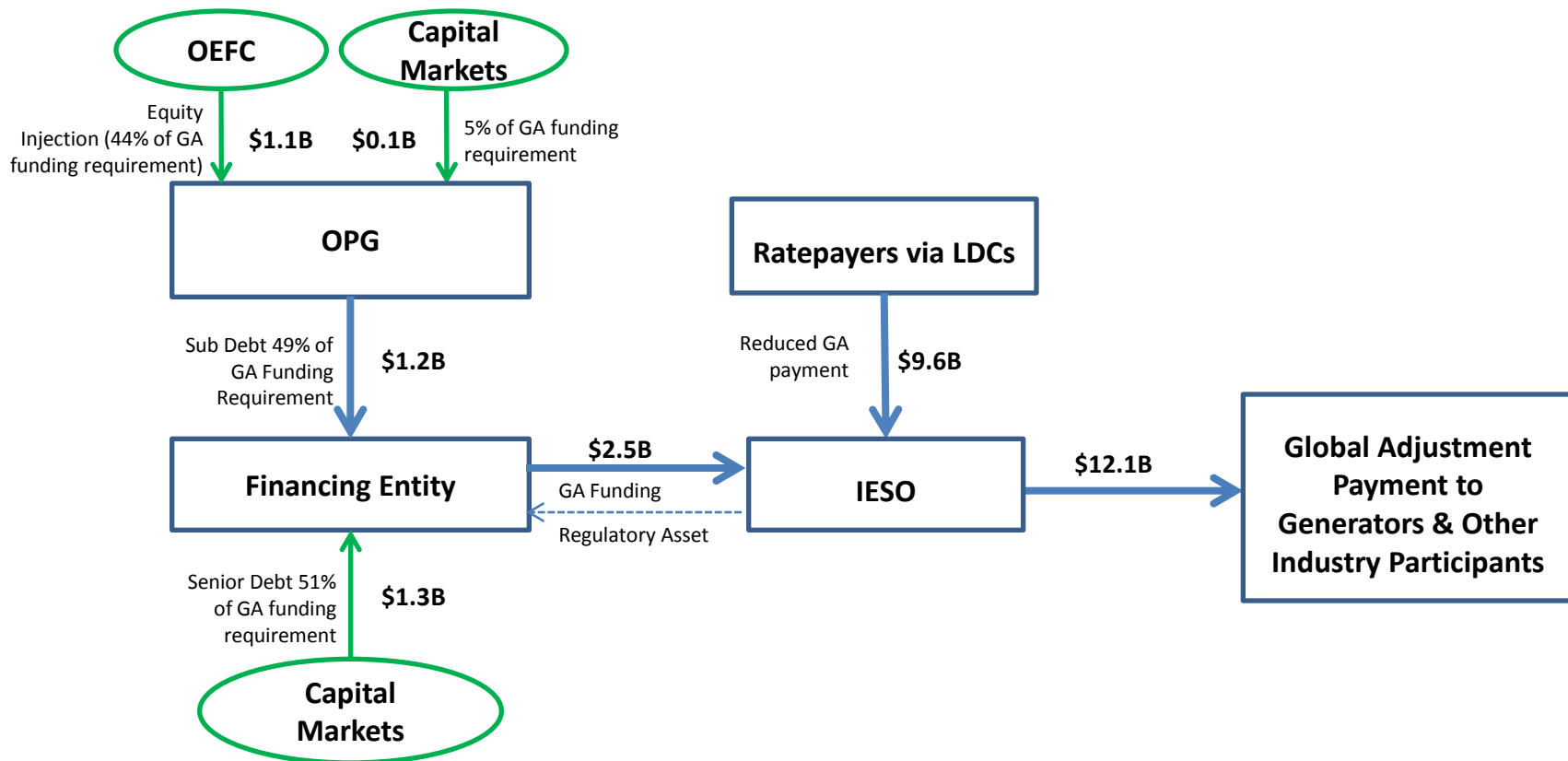
Financing Plan

Highlights:

- Legislation as currently drafted provides for a framework to implement the Fair Hydro Plan Act:
 - (i) to allow flexibility in OPG's corporate structure and to enable OPG to raise financing through public offerings of debt
 - (ii) for a regulatory asset consisting of the right to recover over time the amount of the Global Adjustment being deferred, together with interest and other costs
- Regulations and principal agreement need to be negotiated and agreed to in order to provide a completely financeable program
- A Financing Entity will be set up that will hold the claim on future customers and the debt issued to fund the payment to the IESO for the regulatory asset
- The GA financing platform will be developed to access both the Canadian and US markets in order to access best pricing and flexibility
- OPG will provide services to the Financing Entity including financings via a financial service and management agreement

Financing Plan – Structure

Illustration based on \$2.5B GA Funding





Financing Plan - Components

- Debt components are:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via Province	39%
Tranche C Sub Debt	the most risky	OPG via Province	5%
		OPG via Capital Markets	5%



Financing Plan – Rationale

The rationale for the structural debt percentages are:

- **Minimum of 51% from the Capital Markets**
 - Required from an accounting treatment perspective in order to consolidate the Financing Entity on OPG's financial statements, otherwise the debt is consolidated with the Province
 - Accounting treatment also requires OPG to direct the activities of the Financing Entity, and that the Province not directly or indirectly fund (through debt or equity) more than 50% of the Financing Entity to allow for OPG consolidation
- **Minimum Provincial equity contribution of up to 44%**
 - Help to is avoids the potential risk of a credit downgrade from the rating agencies as a result of the incremental debt consolidated on OPG financial statements negatively impacting credit metrics (Funds from Operations/ Debt)
- **Minimum OPG Investment of 5% from the Capital Market**
 - OPG requires a minimal amount of debt at risk financed through OPG operating cash flows or capital market debt. To demonstrate control of the Financing Entity OPG must own $\geq 50\%$ of the most subordinated debt and targeted to be no less than 5% of the total debt of the Financing Entity
 - The Province must not directly or indirectly fund (through debt or equity) more than 50% of OPG's investments in the most subordinated debt of the Financing Entity to lessen the materiality of OPG's debt at risk



Financing Plan – Other Elements

Other Structural Advantages:

▪ Financing Entity:

- Is ring-fenced from OPG as a single purpose entity with no other operations that could add risk to the OPG entity
- Is targeting a higher credit rating than OPG and therefore will have lower financing costs than OPG in the Capital Markets
- Will record funding revenue reflecting the growth in the deferred asset value which will mitigate the negative impact on OPG's credit rating from the debt consolidation
- Allows for flexibility to fund debt tranches with different terms, contractual consideration and subordination
- Subordination will play an important credit enhancement role for the senior debt, and could act as a buffer or first loss of capital in any credit event

▪ Operational attributes:

- OPG is the Financing and Services Manager for the Financing Entity and direct its activities
- Short term debt can be warehoused in the Financing Entity until OPG accesses the Capital Markets
- OPG will be independently accessing the public debt markets on a commercial basis
- Opportunity to access the US market as appropriate



Financing Plan – Overview

The Financing Plan has two main phases:

▪ Net Borrowing Phase (2017-2026)

- During this 10 year period the debt created by the deferral of electricity charges will accumulate, together with associated interest costs & other fees, that in combination will establish the regulatory assets.
- Monthly the Financing Entity will purchase the regulatory assets from IESO (purchase is ~\$200M) as follows:
 - 51% through external capital markets (~\$102M per month)
 - Initially the financing plan will access liquidity facilities at the Financing Entity level to fund and warehouse the monthly asset purchase requirement
 - On a quarterly basis when the accumulated monthly funding has reached a certain level (\$300M), public debt will be offered to the market
 - Up to 49% subordinated debt in OPG
 - 44% funded through OPG via equity injections from the Province (~\$88M/ month)
 - 5% funded through OPG via the capital markets (~\$10M/ month)
- Cash interest will be paid based on the lender agreements. The interest costs will be added to future borrowing requirements, and do not flow through to consumers during this period



Financing Plan – Program Overview

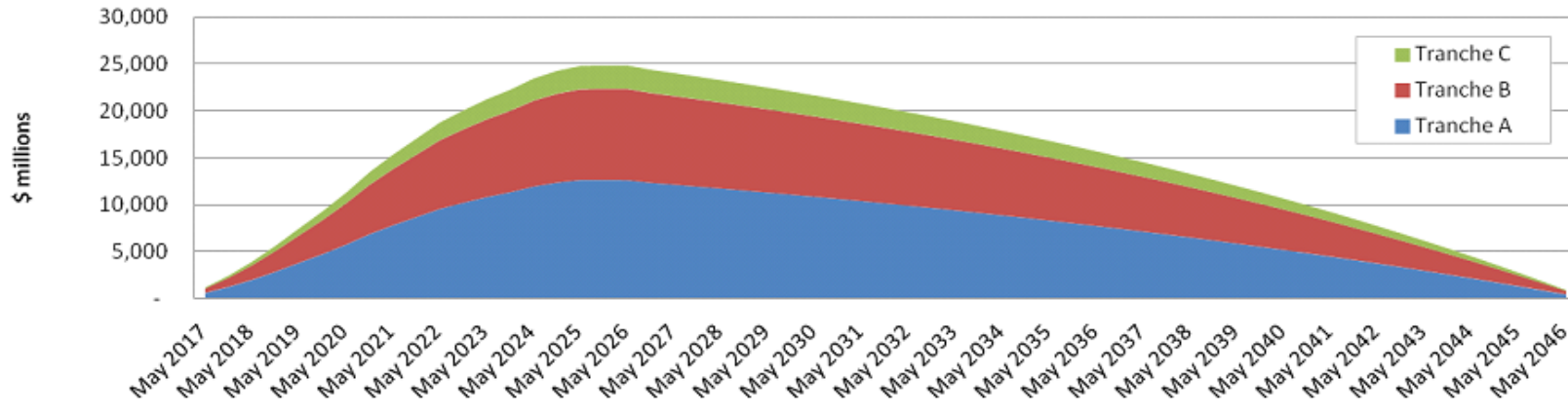
▪ Debt Amortization Phase (2027-2046)

- Starting 2027, the accumulated debt created by the deferral will be recovered and paid down by 2047
- Similar to mortgage style debt payment, a combination of principal and interest will be paid to lenders during this 20 yr period
- Financing Entity structure continues until all the debt is repaid
- Target to keep the charge paid by ratepayers during the amortization period to less than 10% of a customers bills to meet credit rating agency guidelines

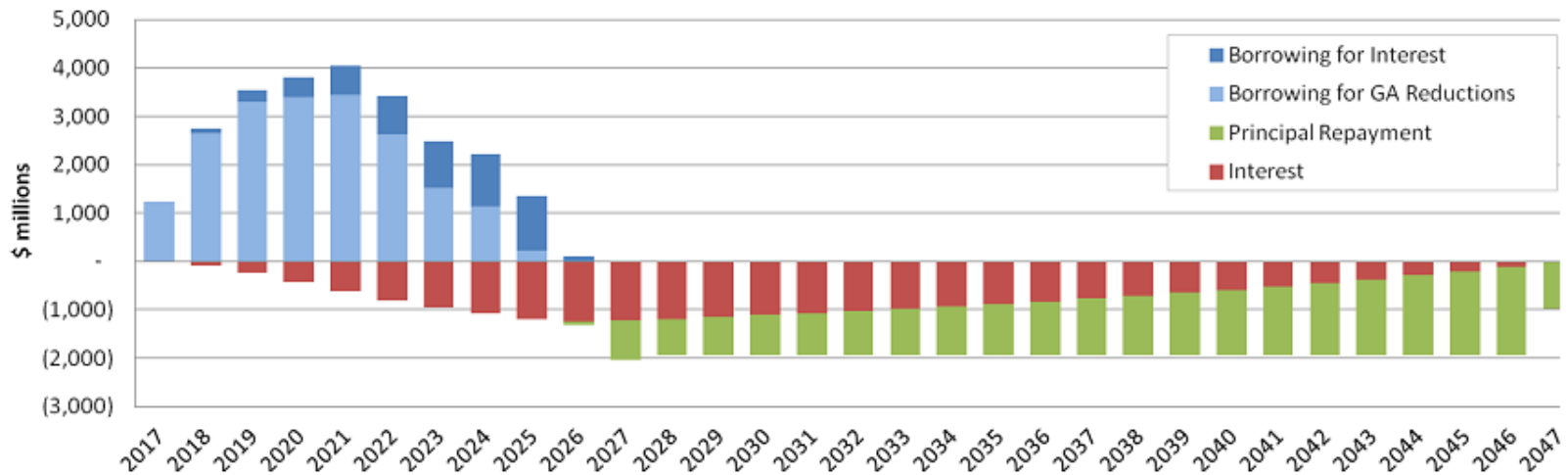


Debt Profile & Cash Flows

Debt Balance by Tranche



Annual Financing Entity Debt Cash Flows





Financing Plan – Funding Alternatives

Key Considerations

- There are several potential funding sources that can be considered to structure the overall financing program, including securitization (issued in Canada or the U.S.), bonds, bank financing, and subordinated debt

Short Term

ABCP Conduit	- R-1(high)/P-1 credit ratings required from DBRS and Moody's (limited market capacity if these ratings are not achieved) - Requires periodic take-outs to repay warehouse funding; take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10
Bank	- No external rating required - Take-out risk needs to be addressed as amortization of debt currently not contemplated to commence until after year 10

Long Term

Canadian Term ABS	- AAA ratings required from at least two of DBRS, Moody's, S&P or Fitch (limited market capacity if these ratings are not achieved) - Tenors > 10 years to be explored
Canadian Bond	- This type of financing has not been tested in the Canadian market - AAA ratings not required to access the market - Provides access to broadest investor base in the Canadian market
US Term Debt (ABS/Bonds)	- Proven market for securitization and higher market capacity available than Canadian Term ABS - Ratings required from at least two of S&P, Moody's or Fitch (AAA required for Term ABS) - Requires cross-currency swaps
Subordinated Debt	- Nature of subordinated debt, repayment terms/flexibility and contingent Provincial support applicable to subordinated debt will impact pricing - Quantum of subordinated debt creates equity like thickness and may serve as a credit enhancement for the senior debt



Indicative Pricing Consideration

Indicative Pricing Considerations

- Although all of the debt issued by the Financing Entity is expected to be afforded the same level of protection including a provincial guarantee, a higher return on the subordinated debt (sub debt) would be required to compensate for incremental risk to the extent:
 - The rating agencies attribute a lower rating to the sub debt relative to the senior debt because of its ranking in the cash flow waterfall
 - The ratings of senior debt need to be credit enhanced by all or a portion of the sub debt as follows:
 - 1) Flexibility to defer charges to rate payers and hence extend the expected duration of the sub debt to manage the total amount charged to rate payers as a proportion of the total bill during the recovery period – could result in non repayment by 2047 if a hard cap is included
 - 2) Defer principal payments on certain classes of sub debt until more senior notes are fully repaid

Feature	Tranche B Subordinated Debt	Tranche C Subordinated Debt
	Explanation	Explanation
Credit Risk	Credit enhancement to Tranche A (senior debt)	Credit enhancement to Tranche A (senior debt) Act as first “loss absorber”
Duration/Tenor Premium	Same duration as Market Notes	Same duration as Market Notes
Certainty of timing of payments	Same as Market Notes but lower in the waterfall	Some additional volatility in timing of payments, but trued-up every 6 months
Liquidity Premium	Issue size expected to be similar to senior debt	Relatively small amount which will have less liquidity

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of ■, 2017

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MANAGEMENT AGREEMENT

THIS AGREEMENT made as of ■, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the “**Issuer**”)

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the “**Manager**”)

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the “**Indenture Trustee**”)

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the “**Act**”) for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established by the Financial Services Manager pursuant to the Act and may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

“Act” has the meaning ascribed thereto in the recitals;

“Agreement” means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions “herein”, “hereof”, “hereto”, “hereunder” and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

“Board” means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

“Clean Energy Adjustment” has the meaning ascribed to the term “clean energy adjustment” in the Act;

“Clean Energy Benefits” has the meaning ascribed to the term “clean energy benefits” in the Act;

“Clean Energy Costs” has the meaning ascribed to the term “clean energy costs” in the Act;

“Declaration of Trust” means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

“Electricity Vendor” has the meaning ascribed to the term “electricity vendor” in the Act;

“Fair Allocation Amount” has the meaning ascribed to the term “fair allocation amount” in the Act;

“Finance Amount” has the meaning ascribed to the term “finance amount” in the Act;

“Financial Services Manager” has the meaning ascribed to such term under the Act;

“Financing Entity” has the meaning ascribed to the term “financing entity” in the Act;

“Financing Plan” has the meaning ascribed to such term under the Act;

“Funding Obligation” has the meaning ascribed to the term “funding obligation” in the Act;

“IESO” means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

“Indenture” means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

“Indenture Indemnified Losses” has the meaning ascribed to such term in Section 5.6(b);

“Indenture Indemnified Person” means the Indenture Trustee and its officers, directors and employees;

“Investment Interest” has the meaning ascribed to the term “investment interest” in the Act;

“Investment Interest Records” means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

“Issuer Compensation” has the meaning ascribed to such term in Section 5.5;

“Issuer Funding Obligation” means a Funding Obligation incurred by the Issuer;

“Issuer Investment Interest” means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

“Issuer Property” means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

“Management Fees” means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

“Master Transfer and Servicing Agreement” means the master transfer and servicing agreement dated ■, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

“Minister” means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

“Offering Materials” means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

“Perpetuity Date” means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding;

“Reference Period” has the meaning ascribed to the term “reference period” in the Act;

“Regulation AB” means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

“Regulations” means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

“Servicer CEA Receipts” has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

“Specified Consumer” has the meaning ascribed to the term “specified consumer” in the Act;

“Standard of Care” has the meaning ascribed to such term in Section 5.1;

“Transfer” has the meaning ascribed to the term “transfer” in the Act; and

“True Up Amount” has the meaning ascribed to the term “true up amount” in the Act.

- (b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2

INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa.

versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3 APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

- (a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;
- (b) acting as custodian of the Investment Interest Records;
- (c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;
- (d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;
- (e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;
- (f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;
- (g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and
- (h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement

on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4

DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

- (a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:
 - (i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;
 - (ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;
 - (iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;
 - (iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;
 - (v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;
 - (vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;
 - (vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

- (viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;
- (ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;
- (x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;
- (xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;
- (xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;
- (xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;
- (xiv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;
- (xv) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;
- (xvi) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

- (xvii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);
- (xviii) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);
- (xix) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;
- (xx) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;
- (xxi) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;
- (xxii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;
- (xxiii) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;
- (xxiv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

- (xxv) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;
 - (xxvi) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;
 - (xxvii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;
 - (xxviii) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and
 - (xxix) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.
- (b) The Manager will not offer to enter into any Program Agreement:
- (i) after the Manager receives a notice of termination pursuant to Section 7.1; or
 - (ii) if the entering into of the Program Agreement would violate any other Program Agreements.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

- (a) enforcing the rights of the Issuer under the Program Agreements;

- (b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;
- (c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;
- (d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;
- (e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;
- (f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and
- (g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Collection of Clean Energy Adjustments

The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

- (a) review each report delivered by the IESO under Section 3.4(b) of the Master Transfer and Servicing Agreement and make commercially reasonable efforts to resolve the failures and discrepancies which have not been remedied or adequately explained by Electricity Vendors;

- (b) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and
- (c) as the Manager determines necessary, review or caused to be reviewed, pursuant to its rights under Section 10(4) of the Regulations, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments; provided that if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor.

4.4 Investment Interest Records

- (a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:
 - (i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;
 - (ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;
 - (iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;
 - (iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and
 - (v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee,

as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

- (b) Nothing in this Section 4.4 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.4.
- (c) Nothing in this Section 4.4 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.4, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

4.5 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.6 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.7 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.8 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

- (a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;
- (b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;
- (c) calculating the True Up Amount;
- (d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and
- (e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5 OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in

respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

- (a) the Manager will not be liable for any liabilities of the Issuer; and
- (b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of \$10 per month for any month or part thereof that the Issuer is engaged in such activities (the “**Issuer Compensation**”). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

The Issuer and the Manager agree that in respect of any month that the Issuer has an amount payable to the Manager under Section 5.4 in an amount that is not less than \$10 (plus the amount of any applicable sales taxes on the Issuer Compensation), the Manager’s obligation to pay the compensation to the Issuer under this Section will be fully satisfied by way of setting-off \$10 (plus the amount of any applicable sales taxes on the Issuer Compensation) of the amount payable by the Issuer to the Manager under Section 5.4 against the Manager’s amount payable to the Issuer under this Section.

5.6 Indemnification by Manager

- (a) The Manager shall indemnify and defend and hold harmless the Issuer from and against, any and all liabilities which may be imposed on, incurred by or assessed against the Issuer as the result of any wilful misconduct or gross negligence by the Manager, its officers, employees or agents or any failure to comply with the Standard of Care, provided that the Manager will have the exclusive right to compromise or defend, through counsel selected and retained by the Manager, any such liabilities or related claims at its own expense, which decision will be binding upon the Issuer.
- (b) The Manager shall indemnify each Indenture Indemnified Person and defend and hold harmless each such Indenture Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, “**Indenture Indemnified Losses**”) imposed on, incurred by or asserted against such Indenture Indemnified Person, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement and, except to the extent of Indenture Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indenture Indemnified Person seeking indemnification

hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indenture Indemnified Person for any amount paid or payable by such Indenture Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld. Promptly after receipt by an Indenture Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indenture Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(b), notify the Manager in writing of the commencement thereof. Failure by an Indenture Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indenture Indemnified Person under this Section 5.6(b) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(b), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indenture Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indenture Indemnified Person except as set forth below); provided, that the Indenture Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indenture Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indenture Indemnified Person and the Manager and the Indenture Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indenture Indemnified Person to represent the Indenture Indemnified Person within a reasonable time after notice of the institution of such action, or (iii) the Manager authorizes the Indenture Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indenture Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indenture Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(b) (whether or not the Indenture Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indenture Indemnified Person from all liability arising out of such claim or Proceeding.

- (c) Indemnification under Section 5.6(b) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the

termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

- (d) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer or any Indenture Indemnified Person harmless with respect to any of the following:
 - (i) payments due on Issuer Funding Obligations or other amounts borrowed;
 - (i) any breach or failure to perform on the part of any other third party under any Program Agreement;
 - (ii) any claim arising out of the assessment of any tax or payments in lieu of tax by a taxing authority against the Issuer;
 - (iii) any liability of the Issuer or any Indenture Indemnified Person accruing after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination;
 - (iv) any losses of the Issuer or any Indenture Indemnified Person arising due to risks inherent in the Issuer Investment Interest;
 - (v) any statements or certificates provided by the Issuer to the effect that (X) any Funding Obligation is consistent with the Financing Plan or (Y) the estimated Finance Amount that would have become due and payable in any Reference Period is expected to align with the Fair Allocation Amount determined in respect of such Reference Period; or
 - (vi) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.
- (e) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless: (i) the Issuer with respect to any amount for which the Issuer agrees to indemnify the Manager hereunder; or (ii) the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7 TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8 MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture, (ii) irrevocably authorizes

and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

- (a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.
- (b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.
- (c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial,

territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

- (a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: ■
Attention: ■

- (b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

or such other address or email address as may hereafter be furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

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

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder.

[Remainder of page intentionally left blank.]

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

**FAIR HYDRO TRUST, by its sole trustee,
COMPUTERSHARE TRUST COMPANY
OF CANADA
as Issuer**

By: _____
Name:
Title:

By: _____
Name:
Title:

**ONTARIO POWER GENERATION INC.
as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the “**Issuer Trustee**”) in its capacity as issuer trustee of Fair Hydro Trust (the “**Issuer**”)

Ontario Power Generation Inc., as manager (the “**Manager**”) appointed by the Issuer Trustee under the Management Agreement dated ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the “**Management Agreement**”), confirms, on behalf of the Issuer, the following:

- (a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.
- (b) All debt obligations and expenses due and payable by the Issuer have been paid to date.
- (c) All required filings with tax and regulatory authorities have been completed to date.
- (d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

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EXHIBIT

Exhibit A	–	Form of Transfer Notice
Exhibit B	–	Form of Monthly Report
Exhibit C	–	Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the “**Issuer**”)

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the “**Transferor**” in its capacity as transferor, the “**Servicer**”, in its capacity as servicer, and the “**IESO**” in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the “**Act**”) for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the “**Regulatory Asset**”);

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

“Act” has the meaning ascribed thereto in the recitals;

“Agreement” means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions “herein”, “hereof”, “hereto”, “hereunder” and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

“Billing Period” means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

“Board” means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

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

“Carrying Costs” has the meaning ascribed to the term “carrying costs” in the Regulations;

“CEA Consumer Invoice Amounts” means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

“Clean Energy Adjustment” has the meaning ascribed to the term “clean energy adjustment” in the Act;

“Closing Date” means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

“Co-Owner Agreement” means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

“Co-Owner Implementation Date” means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

“Collection Account” means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

“Daily Remittance Event” means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

“Declaration of Trust” means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

“Electricity Vendor” has the meaning ascribed to the term “electricity vendor” in the Act;

“Electricity Vendor CEA Collections” means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

“Electricity Vendor Billing Period Report” means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

- (a) its total CEA Consumer Invoice Amounts in such Billing Period;
- (b) its total Electricity Vendor CEA Collections during such Billing Period; and
- (c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

“Eligible Deposit Account” means an account in Canada with an Eligible Institution;

“Eligible Institution” means:

- (a) at any time before the Co-Owner Implementation Date, an “Eligible Institution” as defined in the Indenture; and
- (b) at any time on or after the Co-Owner Implementation Date, an “Eligible Institution” as defined in the applicable Co-Owner Agreement;

“Fair Hydro Variance Account” means the variance account established by the IESO pursuant to Section 24(1) of the Act;

“Financing Entity” has the meaning ascribed to the term “financing entity” in the Act;

“Funding Obligation” has the meaning ascribed to the term “funding obligation” in the Act;

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

“IESO” or **“Independent Electricity System Operator”** means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act*, 1998, SO, 1998;

“IESO Deferral” has the meaning ascribed to the term “IESO deferral” in the Act;

“IESO Disclosure” has the meaning ascribed thereto in Section 5.7;

“IESO Segregated Account” has the meaning ascribed thereto in Section 3.3(a);

“Indemnified Losses” has the meaning ascribed thereto in Section 6.1(a);

“Indemnified Party” has the meaning ascribed thereto in Section 6.1(a);

“Indenture” means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

“Indenture Trustee” means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

“Insolvency Event” means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within [45] days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

“Investment Asset” has the meaning ascribed to the term “investment asset” in the Act;

“Investment Interest” has the meaning ascribed to the term “investment interest” in the Act;

“Issuer” means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

“Issuer Funding Obligations” means the Funding Obligations of the Issuer;

“Issuer Investment Interest” means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

“Issuer Share” means:

- (a) at any time before the Co-Owner Implementation Date, 100%; and
- (b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

“Issuer Trustee” means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

“Lien” means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

“Management Agreement” means the management agreement dated ■, 2017 between the Manager and the Issuer;

“Manager” means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

“Minister” means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

“Monthly Carrying Costs” has the meaning ascribed thereto in Section 3.13(b);

“Monthly Carrying Costs Statement” has the meaning ascribed thereto in Section 3.13(b);

“Monthly Report” has the meaning ascribed thereto in Section 3.4(a);

“Officer’s Certificate” means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section [10.01] of the Indenture;

“OPG” means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

“Opinion of Counsel” means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

“Permitted Successor” means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

“Permitted Transfer” means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

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

“Prescribed Period” has the meaning ascribed thereto in Section 3.13(a);

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding;

“Program Agreements” has the meaning ascribed thereto in the Indenture;

“Purchase Price” has the meaning ascribed thereto in Section 2.1(c);

“Rating Agency” has the meaning ascribed thereto in the Indenture;

“Rating Agency Condition” has the meaning ascribed thereto in the Indenture;

“Records” has the meaning ascribed thereto in Section 7.1;

“Regulations” means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

“Regulatory Asset” has the meaning ascribed thereto in the recitals;

“Remittance Date” means, in respect of each Billing Period, the [18th] Business Day following the last day of each Billing Period;

“Required Servicer Rating” means a rating of “Baa3” or higher by Moody’s Investors Service, Inc. (or any successor thereof) and a rating of “BBB(low)” or higher by DBRS Limited (or any successor thereof);

“Requirement of Law” means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

“Responsible Officer” means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

“Servicer” means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

“Servicer CEA Receipts” has the meaning ascribed thereto in Section 3.3(e);

“Servicer Default” has the meaning ascribed thereto in Section 7.1;

“Specified Consumer” has the meaning ascribed to the term “specified consumer” in the Act;

“Specified Creditors” has the meaning ascribed thereto in the Indenture;

“Specified Portion” means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

“Successor Servicer” has the meaning ascribed thereto in Section [3.07(e)] of the Indenture;

“Supplemental Indenture” means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

“Termination Event” has the meaning ascribed thereto in Section 3.10;

“Termination Notice” has the meaning ascribed thereto in Section 7.1;

“Transfer” has the meaning ascribed to the term “transfer” in Section 1(3) of the Act, and **“Transferred”** has a corresponding meaning;

“Transfer Notice” means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

“Transferor” means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

- (a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.
- (b) The term **“including”** means “including without limitation”, and other forms of the verb **“include”** have correlative meanings.
- (c) All references to any Person shall include such Person’s permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.
- (d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word **“from”** means **“from and including”** and each of the words **“to”** and **“until”** means **“to but excluding”**.

- (e) The words “**hereof**”, “**herein**” and “**hereunder**” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.
- (f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.
- (g) The word “**will**” shall be construed to have the same meaning and effect as the word “**shall**”. The word “**or**” is not exclusive.

ARTICLE 2

TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

- (a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.
- (b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.
- (c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the “**Purchase Price**”) which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the [5th] Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.
- (d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor’s offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a

binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

- (e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.
- (f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.
- (g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

- (a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:
 - (i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:
 - (A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO

officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

- (B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.
[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]

- (b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:
 - (i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;
 - (ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;
 - (iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;
 - (iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);
 - (v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and
 - (vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3 ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.6 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

- (a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;
- (b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and
- (c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

- (a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the “**IESO Segregated Account**”) bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;
- (b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to cause each Electricity Vendor to:

- (i) establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;
 - (ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;
 - (iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and
 - (iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.
- (c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;
 - (d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;
 - (e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the “**Servicer CEA Receipts**”);
 - (f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;
 - (g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;
 - (h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;
 - (i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the

Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.3(d);

- (j) contact each Electricity Vendor:
 - (i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;
 - (ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,
 - (iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,
 - (iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or
 - (v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,and attempt to resolve the applicable issue; and
- (k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

- (a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a “**Monthly Report**”);
- (b) report monthly to the Issuer any matters referred to in Section 3.3(j) which have not been resolved and any explanation provided therefor by the Electricity Vendor;
- (c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer’s ability to perform its duties and obligations under this Agreement; and
- (d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer,

and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

- (a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.
- (b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.
- (c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered or recoverable by the Servicer pursuant to sections 25(1) and 25.1 of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25(1) and 25.1 of the *Electricity Act, 1998*; provided, however, that this Section 3.6 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.7 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.7.

- (a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.
- (b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.
- (c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account

into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

- (d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.
- (e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.
- (f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.
- (g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.
- (h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.8 Servicing and Maintenance Standards

Subject to Section 3.7, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.9 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in

respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.12.

3.10 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

- (a) The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the prescribed period set out in the Regulations (the “**Prescribed Period**”) and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer on a monthly basis.
- (b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a “**Monthly Carrying Costs Statement**”) certifying the amount of the Carrying Costs incurred in the preceding calendar month (“**Monthly Carrying Costs**”). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.
- (c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to \$■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.7, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

- (a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.
- (b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.
- (c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.
- (d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).
- (e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture,

agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

- (f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.
- (g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.
- (h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.
- (i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.
- (j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.
- (k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.
- (l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

- (m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:
 - (i) reasonably believes that it will be able to pay its debts as they come due; and
 - (ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.
- (n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5 COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply

would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

- (a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.
- (b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.
- (c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).
- (d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the “**IESO Disclosure**”) as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the “**Offering Documents**”), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information

provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6 IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

- (a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an “**Indemnified Party**”), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, “**Indemnified Losses**”) imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice

of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

- (b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.12 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.
- (c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

- (d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.
- (e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

ARTICLE 7

SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a “**Servicer Default**”) shall occur and be continuing:

- (a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;
- (b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;
- (c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;
- (d) an Insolvency Event occurs with respect to the Servicer or the IESO; or
- (e) any additional “Servicer Default” as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a “**Termination Notice**”), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the “**Records**”). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO’s rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

- (a) Upon the Servicer’s receipt of a Termination Notice pursuant to Section 7.1 or the Servicer’s resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer’s removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the

Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

- (b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8 MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

- (a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel

Email: ■

- (b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■

Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

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

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors

against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

- (a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.
- (b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.
- (c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

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

FAIR HYDRO TRUST, by its Manager,
**ONTARIO POWER GENERATION
INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR
as Transferor and Servicer**

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A
FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Master Transfer and Servicing Agreement**”) between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the “**Issuer**”), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** (“**Transferor**” in its capacity as transferor, “**Servicer**”, in its capacity as servicer, and “**IESO**” in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor’s Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: \$■

Purchase Price: \$■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

- (i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

- (ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and
- (iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
**ONTARIO POWER GENERATION
INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR
as Transferor**

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF MONTHLY REPORT

[NTD: form to be settled]

EXHIBIT C
FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■

Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Master Transfer and Servicing Agreement**”) between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the “**Issuer**”) and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** (“**Transferor**” in its capacity as transferor, “**Servicer**”, in its capacity as servicer, and “**IESO**” in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
**ONTARIO POWER GENERATION
INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

NOTE: Draft version for Comment. Inputs and assumptions may not be consistent with best information available.

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	3.66%
Basis Points	00 bp
Total (Interest Rate)	3.6602%
Model Circularity	ON

<-- Change this number to test differ
<-- Number used for scenario analys

OUTPUTS:

Interest Calculation	
Interest Rate:	3.66%
Year Interest Payments Stop:	2047
Total Interest Paid:	11,088
Peak Debt:	18,485

<-- To Be Update
NOTE: Calculations do not match En

SENSITIVITIES: Determine sensitivities at various rates

Total Interest Paid		
Provincial Borrowing	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
11,088		
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
4.00%	13,047	15,075
4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivities and difference compared to provincial borrowing

Difference in Interest Paid Compared to Provincial Borrowing		
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
4.50%	-	2,580

ISSUANCE ANALYSIS:

Weighted Average Borrowing Calculation	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts

WEIGHTED AVERAGE:

FHT Weighted Average Rate:	3.660%
FHT Interest Paid	11,088
Peak Debt:	18,485

Provincial Borrowing at Issuance:	3.20% <i>Source: OFA</i>
Provincial Interest Paid:	8,887
Peak Debt:	17,752

Difference in Interest Paid:	2,201
Difference in Peak Debt:	733

ber 19 Analysis by EFB

rent interest rates
is

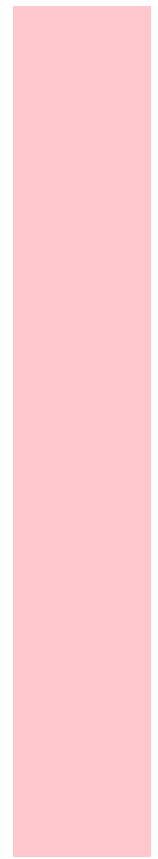
ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinement.

Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	10,374		10,879
	12,432		13,047
	14,017		14,716
	15,821		16,619
	17,874		18,750
	20,124		21,083

cial Borrowing:			
Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	1,832		2,337
	2,156		2,771
	2,439		3,138
	2,774		3,573
	3,158		4,034
	3,505		4,464

ation	
	3.520% Source: Debt Issuance
	3.74% Source: National Bank of Canada - Indicative Pricing (20yr)
	4.04% Source: National Bank of Canada - Indicative Pricing (20yr)

3.660%



INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	4.50%
Basis Points	00 bp
Total (Interest Rate)	4.50%

OUTPUTS:

Interest Calculation	
Interest Rate:	4.50%
Year Interest Payments Stop:	2047
Total Interest Paid:	14,308
Peak Debt:	17,612
Annual Paydown Amount:	(1,278)

SCENARIOS:

	3.12%
Interest Rate:	3.12%
Year Interest Payments Stop:	2047
Total Interest Paid:	9,038
Peak Debt:	16,348
Annual Paydown Amount:	(1,038)
Difference in Interest Paid:	1,4

Scenario Analysis with EFB Model

3.12% + 40bp	4.50%	4.5% + 50bp
3.52%	4.50%	5.00%
2047	2047	2047
10,477	14,308	16,438
16,705	17,612	18,093
(1,104)	(1,278)	(1,375)
39	2,130	

OFHP debt and interest projections, by calendar year

\$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017

Source: Ministry of Energy

Attempted recreation by EFB (\$ nominal Million)

	Interest:
	Year Interest Payments Stop:
	Total Interest Paid - Positive:
	Peak Debt:
	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment* (Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	26
Closing Debt Balance [EFB Calculation]	1,422
	-6.11

Attempted recreation and extrapolation by EFB (\$ nominal Million)

	Interest:
	Year Interest Payments Stop:
	Total Interest Paid - Positive:
	Peak Debt:
	2017

FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*
(Exactly from above)
Reduction

1,396

Opening Debt: 0

IN YEAR ANALYSIS

In-Year Interest: 29

In-Year Accumulated Debt (Excl Interest): 1,396

In-Year - End Debt: 1,425

Debt Interest from Prior Year: 0

Total Accumulated Interest: 29

Accumulated Debt: 1,396

Debt Reduction:

Closing Debt: 1,425

2018	2019	2020	2021	2022
(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
116	225	343	466	577
3,734	6,254	9,011	11,681	13,958

3.66%
2047
11,088
18,485

2018	2019	2020	2021	2022
2,189	2,296	2,414	2,204	1,700

			Additional Borrowing/f	
94	181	275	372	458
3,705	6,182	8,871	11,447	13,605
-28.42	-72.19	-140.17	-233.90	-352.28

4.50%
2047
14,308
17,612

2018	2019	2020	2021	2022

2,189	2,296	2,414	2,204	1,700

1,425	3,724	6,235	8,980	11,634

46	48	50	46	36
2,189	2,296	2,414	2,204	1,700
2,235	2,344	2,464	2,250	1,736

64	168	281	404	524

110	216	331	450	559
3,614	6,020	8,649	11,184	13,334

3,724	6,235	8,980	11,634	13,894

2023	2024	2025	2026	2027
(1,050)	(492)	(61)	79	129
667	733	778	814	851
15,674	16,899	17,677	18,491	19,342



2023	2024	2025	2026	2027
1,050	492	61	(79)	(129)
Cross Over Point:		(61)		
Borrowing Still Required:			79	129
Repayments [Reason Unknown, Plug]:				
527	575	606	628	652
15,182	16,249	16,855	17,484	18,136
-492.16	-649.83	-821.94	-1007.29	-1206.66



2023	2024	2025	2026	2027

1,050	492	61	-1278	-1278
13,894	15,591	16,794	17,612	17,127
22	10	1	0	0
1,050	492	61	0	0
1,072	502	62	0	0
625	702	756	793	771
647	712	757	793	771
14,944	16,083	16,855	17,612	17,127
			(1,278)	(1,278)
15,591	16,794	17,612	17,127	16,620

2028	2029	2030	2031	2032
354	714	1,251	1,188	1,348
883	896	888	872	854
19,904	19,904	19,541	19,226	18,732



2028	2029	2030	2031	2032
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
670	673	658	637	613
18,485	18,262	17,669	17,117	16,383
-1419.51	-1642.71	-1872.67	-2108.30	-2349.26



2028	2029	2030	2031	2032

-1278	-1278	-1278	-1278	-1278
16,620	16,090	15,537	14,958	14,354
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
748	724	699	673	646
748	724	699	673	646
16,620	16,090	15,537	14,958	14,354
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
16,090	15,537	14,958	14,354	13,722

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773

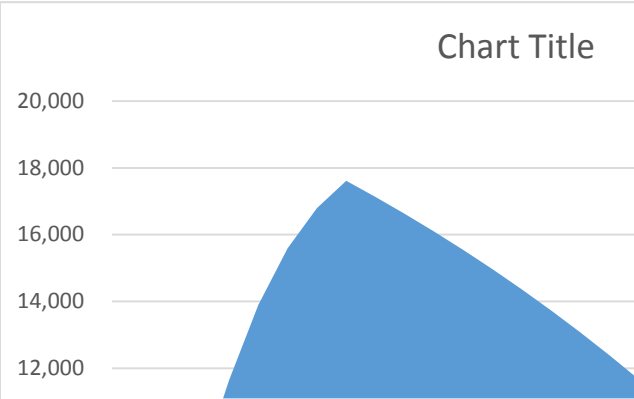


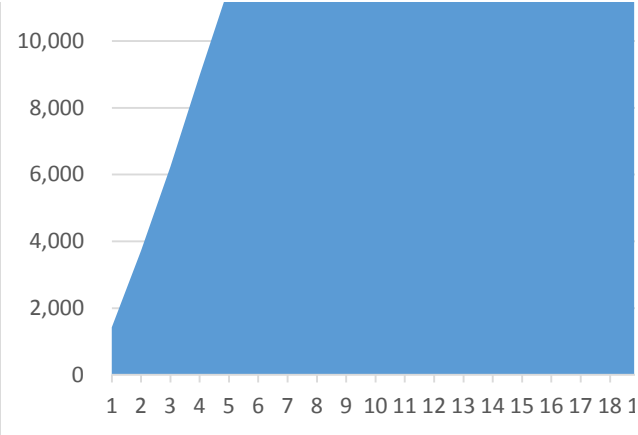
2033	2034	2035	2036	2037
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
584	544	490	430	368
15,548	14,192	12,595	10,897	9,202
-2594.57	-2841.76	-3087.64	-3330.69	-3570.36



2033	2034	2035	2036	2037

-1278	-1278	-1278	-1278	-1278
13,722	13,062	12,372	11,651	10,897
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
617	588	557	524	490
617	588	557	524	490
13,722	13,062	12,372	11,651	10,897
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
13,062	12,372	11,651	10,897	10,110





2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713

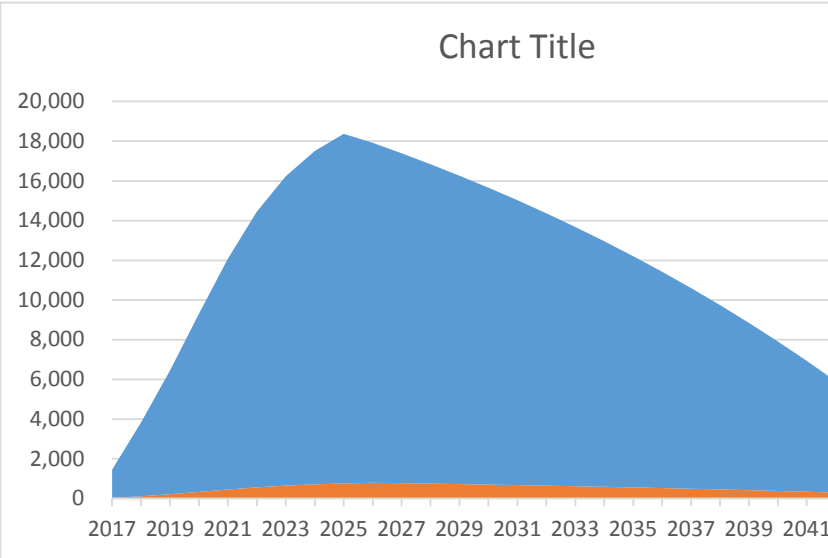


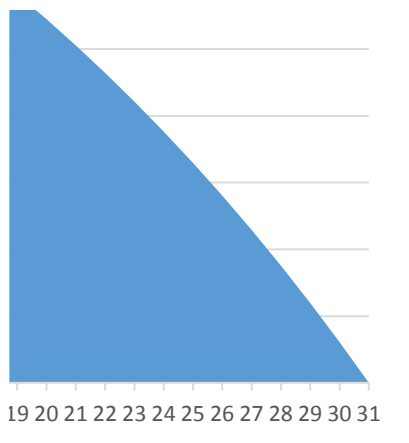
2038	2039	2040	2041	2042
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
304	243	190	142	96
7,408	5,854	4,517	3,267	1,985
-3806.07	-4038.25	-4268.71	-4498.66	-4728.32



2038	2039	2040	2041	2042

-1278	-1278	-1278	-1278	-1278
10,110	9,287	8,427	7,529	6,590
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
455	418	379	339	297
455	418	379	339	297
10,110	9,287	8,427	7,529	6,590
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
9,287	8,427	7,529	6,590	5,609





2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0

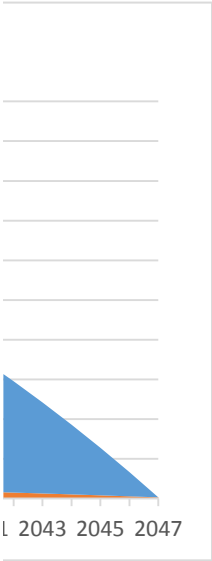


2043	2044	2045	2046	2047
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
50	2	(48)	(104)	(174)
724	(615)	(2,020)	(3,650)	(5,857)
-4957.63	-5186.32	-5413.76	-5638.63	-5857.37



2043	2044	2045	2046	2047	2048	2049

-1278	-1278	-1278	-1278	-1278	-1278	-1278
5,609	4,584	3,512	2,393	1,223	0	(1,278)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
252	206	158	108	55	0	(57)
252	206	158	108	55	0	(57)
5,609	4,584	3,512	2,393	1,223	0	(1,278)
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
4,584	3,512	2,393	1,223	0	(1,278)	(2,613)



2050	2051	2052	2053	2054	2055	2056	2057	2058

-1278	-1278	-1278	-1278	-1278	-1278	-1278	-1278	-1278
(2,613)	(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(118)	(180)	(246)	(315)	(386)	(461)	(539)	(621)	(707)
(118)	(180)	(246)	(315)	(386)	(461)	(539)	(621)	(707)
(2,613)	(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)	(17,685)

2059

2060

2061

2062

2063

2064

2065

-1278	-1278
(17,685)	(19,758)
0	0
0	0
0	0
(796)	(889)
(796)	(889)
(17,685)	(19,758)
(1,278)	(1,278)
(19,758)	(21,925)

Instructions: An updated projection of the annual cost of the refinancing portion of the Fa

Please contact Matt Gurham (mgurham@fao-on.org) if assistance is required.

Actual and Projected Annual Global Adjustment (GA) Deferral and Repayment Amount Cash Flows

<i>\$ millions</i>
IESO forecast Global Adjustment cost *
Global Adjustment payment from ratepayer **

* Represents total GA prior to OFHP based on IESO's forecast of total GA for all customers (2017-203

** Represents total OFHP costs recovered from consumers, including deferral of GA and recovery of

Provincial Actual and Projected Fair Hydro Plan Debt

<i>\$ millions</i>
Amount borrowed/paid-back in given year***
Interest*** on accumulated debt from previous year
Accumulated Debt

***Values represent deferral of GA costs and recovery of principal.

****Interest is calculated based on the average debt balance for the year and a 5 per cent interest r
This data was used to inform the Minister's letter to OPG.

OPG Actual and Projected Fair Hydro Plan Debt

<i>\$ million</i>
Amount borrowed/paid-back in given year
Interest on accumulated debt from previous year
Accumulated Debt

Equity Injection Comparisons

Revised Annual Borrowings

Equity Injection (44%)

Revised Equity Injections - Fiscalized
EFB Equity Injection Calculation based on FAA (September 28 2017 Letter)
Variance

IOD Comparisons

Revised Equity Injections - Fiscalized

OEP forecast as of Feb 6, 2018

Interest Rate Forecast

IOD

2017-18

2018-19

2019-20

2020-21

Total Estimated IOD Impact

EFB Equity Injection Calculation based on FAA (September 28 2017 Letter)

OEP forecast as of Feb 6, 2018

Interest Rate Forecast

IOD

2017-18

2018-19

2019-20

2020-21

Total Estimated IOD Impact

Variance in IOD Impacts

air Hydro Plan.

2017	2018	2019	2020	2021	2022	2023
10,078	10,144	10,801	10,576	9,671	9,471	8,733
8,682	7,955	8,505	8,162	7,467	7,771	7,683

5) which informed the 2017 LTEP, converted by the Ministry from \$2017 to \$nominal by assuming 2% CPI principal, interest and fees.

2017	2018	2019	2020	2021	2022	2023
-1,448	-2,322	-2,553	-2,808	-2,740	-2,363	-1,819
52	133	257	394	536	663	769
1,448	3,770	6,323	9,131	11,871	14,234	16,053

ate over the 30-year life of the program, and includes associated fees.

2017	2018	2019	2020	2021	2022	2023

2017	2018	2019	2020	2021	2022	2023
1,448	2,322	2,553	2,808	2,740	2,363	1,819
637	1022	1123	1235	1206	1040	800

2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
893	1047	1151	1228	1164	980	748
853	979	1023	1035	911	675	402
40	69	128	193	253	305	346

2017-18	2018-19	2019-20	2020-21
893	1,047	1,151	1,228
growing Rate	OEP	OEP	20-Year Average
2.4%	3.4%	4.0%	4.4%

11	21	21	21
	18	35	35
		23	46
			27
11	39	80	130

853	979	1,023	1,035
growing Rate	OEP	OEP	20-Year Average
2.4%	3.4%	4.0%	4.4%

10	20	20	20
	16	33	33
		21	41
			23
10	37	74	117

0	2	6	13

2024	2025	2026	2027	2028	2029	2030
9,917	8,924	9,908	10,169	10,300	9,978	9,472
9,425	8,924	9,908	10,169	11,297	11,009	10,877

and extrapolated post-2035 based on the average rate of change between 2026-2035.

2024	2025	2026	2027	2028	2029	2030
-1,342	-907	-954	-1,004	-33	0	385
850	907	954	1,004	1,030	1,031	1,021
17,395	18,301	19,255	20,259	20,292	20,292	19,907

2024	2025	2026	2027	2028	2029	2030

2024	2025	2026	2027	2028	2029	2030
1,342	907	954	1,004	33	0	-385
590	399	420	442	15	0	-169

2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
542	404	425	335	11	-42	-164
152	-51	-112	-159	-270	-444	-604
390	455	537	494	281	402	440

2031	2032	2033	2034	2035	2036	2037
8,449	8,344	7,445	6,252	4,771	4,417	4,089
9,789	9,840	9,009	8,291	6,988	6,666	6,262

2031	2032	2033	2034	2035	2036	2037
337	515	611	1,131	1,372	1,477	1,476
1,003	981	952	908	845	772	697
19,570	19,055	18,444	17,313	15,941	14,464	12,988

2031	2032	2033	2034	2035	2036	2037

2031	2032	2033	2034	2035	2036	2037
-337	-515	-611	-1,131	-1,372	-1,477	-1,476
-148	-227	-269	-498	-604	-650	-650

2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
-168	-237	-326	-524	-615	-650	-661
-609	-664	-745	-913	-977	-980	-960
442	427	419	389	362	330	299

2038	2039	2040	2041	2042	2043	2044
3,785	3,504	3,244	3,003	2,780	2,574	2,383
5,985	5,392	4,855	4,474	4,230	3,948	3,780

2038	2039	2040	2041	2042	2043	2044
1,580	1,343	1,128	1,041	1,075	1,053	1,132
620	545	483	429	375	321	265
11,408	10,065	8,937	7,895	6,821	5,768	4,636

2038	2039	2040	2041	2042	2043	2044

2038	2039	2040	2041	2042	2043	2044
-1,580	-1,343	-1,128	-1,041	-1,075	-1,053	-1,132
-695	-591	-496	-458	-473	-463	-498

2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45
-669	-567	-487	-462	-470	-472	-505
-930	-801	-695	-646	-629	-608	-615
261	234	208	184	159	137	110

2045	2046	2047	2048
2,206	2,042	1,891	1,750
3,611	3,608	3,952	1,750

2045	2046	2047	2048
1,199	1,427	2,010	0
206	139	51	0
3,437	2,010	0	0

2045	2046	2047	2048

2045	2046	2047	2048
-1,199	-1,427	-2,010	0
-528	-628	-885	0

2045-46	2046-47	2047-48
-553	-692	-663
-637	-748	-675
85	56	11

Actual and Projected Annual Global Adjustment (GA) Deferral and Repayment

<i>\$ millions</i>	2017	2018
IESO forecast Global A	10,078	10,144
Global Adjustment paid	8,682	7,955

* Represents total GA prior to OFHP based on IESO's forecast of total GA for a

** Represents total OFHP costs recovered from consumers, including deferral

Deferral	1,396	2,189
	52	133
Annual Borrowings	1,448	2,322
TOTAL	1,448	3,770

0.03719145	0.060789592
0.035857845	0.035294613
0.03719145	0.036585899
0.0358578446	0.0510000000
0.0371914498	0.0537407798
0.0371914498	0.0523345305

5%

Recalculation	1,396	2,189
	52	130
	1,448	2,319
	1,448	3,768

nt Amount Cash Flows

2019	2020	2021	2022
10,801	10,576	9,671	9,471
8,505	8,162	7,467	7,771

ll customers (2017-2035) which informed the 2017 LTEP, converted by the Ministry from \$2017 to \$nominal by of GA and recovery of principal, interest and fees.

2,296	2,414	2,204	1,700
257	394	536	663
2,553	2,808	2,740	2,363
6,323	9,131	11,871	14,234

0.112122144	0.163279846	0.242946991	0.390032973
0.040704571	0.043159126	0.045114332	0.046583166
0.042431736	0.045105856	0.047245794	0.048859181
0.0510000000	0.0510000000	0.0510000000	0.0508000000
0.0537407798	0.0537407798	0.0537407798	0.0535187526
0.0523345305	0.0523345305	0.0523345305	0.0521239483
	0.050837963		

2,296	2,414	2,204	1,700
252	386	524	651
2,548	2,799	2,728	2,351
6,315	9,115	11,843	14,194

2023	2024	2025	2026
8,733	9,917	8,924	9,908
7,683	9,425	8,924	9,908

/ assuming 2% CPI and extrapolated post-2035 based on the average rate of change between 2026-2035.

1,050	492	0	0
769	850	907	954
1,819	1,342	907	954
16,053	17,395	18,301	19,255
0.73265484	1.72677531	#DIV/0!	#DIV/0!
0.047921434	0.048841011	0.049541642	0.049541642
0.050333487	0.051348946	0.052123948	0.052123948
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483
1,050	492	0	0
755	833	888	934
1,805	1,325	888	934
15,999	17,324	18,212	19,146

2027	2028	2029	2030
10,169	10,300	9,978	9,472
10,169	11,297	11,009	10,877

0	-997	-1,031	-1,406
1,004	1,030	1,031	1,021
1,004	33	0	-385
20,259	20,292	20,292	19,907

#DIV/0!	-1.033303874	-1	-0.726329513

0.052123948	0.053472634	0.053518753	0.054063854
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

0	-997	-1,031	-1,406
982	1007	1006	995
982	10	-25	-410
20,128	20,138	20,113	19,703

2031	2032	2033	2034
8,449	8,344	7,445	6,252
9,789	9,840	9,009	8,291

-1,340	-1,496	-1,564	-2,039
1,003	981	952	908
-337	-515	-611	-1,131
19,570	19,055	18,444	17,313

-0.748423197	-0.655724615	-0.609140601	
0.054004521	0.054281378	0.054453742	0.055363212
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

-1,340	-1,496	-1,564	-2,039
976	953	924	879
-364	-543	-640	-1,160
19,339	18,796	18,156	16,996

2035	2036	2037	2038
4,771	4,417	4,089	3,785
6,988	6,666	6,262	5,985

-2,217	-2,249	-2,173	-2,200
845	772	697	620
-1,372	-1,477	-1,476	-1,580
15,941	14,464	12,988	11,408

0.055951526			
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

-2,217	-2,249	-2,173	-2,200
815	742	667	589
-1,402	-1,507	-1,507	-1,611
15,594	14,087	12,580	10,968

2039	2040	2041	2042
3,504	3,244	3,003	2,780
5,392	4,855	4,474	4,230

-1,888	-1,611	-1,471	-1,450
545	483	429	375
-1,343	-1,128	-1,041	-1,075
10,065	8,937	7,895	6,821

0.0508000000	0.0508000000	0.0510000000	0.0510000000
0.0535187526	0.0535187526	0.0537407798	0.0537407798
0.0521239483	0.0521239483	0.0523345305	0.0523345305

-1,888	-1,611	-1,471	-1,450
514	451	395	340
-1,374	-1,160	-1,076	-1,110
9,595	8,434	7,358	6,249

2043	2044	2045	2046
2,574	2,383	2,206	2,042
3,948	3,780	3,611	3,608

-1,374	-1,397	-1,405	-1,565
321	265	206	139
-1,053	-1,132	-1,199	-1,427
5,768	4,636	3,437	2,010

0.0510000000	0.0510000000	0.0510000000	0.0510000000
0.0537407798	0.0537407798	0.0537407798	0.0537407798
0.0523345305	0.0523345305	0.0523345305	0.0523345305

-1,374	-1,397	-1,405	-1,565
285	229	169	101
-1,088	-1,168	-1,236	-1,464
5,160	3,992	2,756	1,291

2047	2048
1,891	1,750
3,952	1,750

-2,062	0
51	0
-2,010	0
0	0

0.0510000000	0.0000000000
0.0537407798	0.0000000000
0.0523345305	0.0000000000

-2,062	0
13	-39
-2,048	-39
-757	-796

NOTE: Draft version for Comment. Inputs and assumptions may not be consistent with best information available.

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	3.71%
Basis Points	00 bp
Total (Interest Rate)	3.7119%
Model Circularity	ON

<-- Change this number to test differ
<-- Number used for scenario analys

OUTPUTS:

Interest Calculation	
Interest Rate:	3.71%
Year Interest Payments Stop:	2045
Total Interest Paid:	11,368
Peak Debt:	18,569

NOTE: Calculations do not match En

SENSITIVITIES: Determine sensitivities at various rates

Total Interest Paid		
Provincial Borrowing	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
11,368		
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
4.00%	13,047	15,075
4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivities and difference compared to provincial borrowing

Difference in Interest Paid Compared to Provincial Borrowing		
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
4.50%	-	2,580

ISSUANCE ANALYSIS:

Weighted Average Borrowing Calculation	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts

WEIGHTED AVERAGE:

FHT Weighted Average Rate:	3.712%
FHT Interest Paid	11,088
Peak Debt:	18,485

Provincial Borrowing at Issuance:	3.20% <i>Source: OFA</i>
Provincial Interest Paid:	8,887
Peak Debt:	17,752

Difference in Interest Paid:	2,201
Difference in Peak Debt:	733

ber 19 Analysis by EFB

rent interest rates
is

ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinement.

Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	10,374		10,879
	12,432		13,047
	14,017		14,716
	15,821		16,619
	17,874		18,750
	20,124		21,083

cial Borrowing:			
Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	1,832		2,337
	2,156		2,771
	2,439		3,138
	2,774		3,573
	3,158		4,034
	3,505		4,464

ation	
	3.520% Source: Debt Issuance Document
	3.834% Source: Debt Issuance Document
	4.214% Source: Debt Issuance Document

3.712%

OFHP debt and interest projections, by calendar year

\$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017

Source: Ministry of Energy

Attempted recreation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive: Peak Debt:
	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment* (Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	26
Closing Debt Balance [EFB Calculation]	1,423
	-5.74

2018	2019	2020	2021	2022
(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
116	225	343	466	577
3,734	6,254	9,011	11,681	13,958



3.71%
2045 (note: array formula)
11,368
18,569

2018	2019	2020	2021	2022
2,189	2,296	2,414	2,204	1,700
			Additional Borrowing/f	
95	184	280	378	466
3,707	6,186	8,879	11,461	13,627
-26.68	-67.79	-131.64	-219.70	-330.96

2023	2024	2025	2026	2027
(1,050)	(492)	(61)	79	129
667	733	778	814	851
15,674	16,899	17,677	18,491	19,342



2023	2024	2025	2026	2027
1,050	492	61	(79)	(129)
Cross Over Point:		(61)		
Borrowing Still Required:			79	129
Repayments [Reason Unknown, Plug]:				
535	585	616	639	664
15,212	16,289	16,905	17,544	18,207
-462.45	-610.73	-772.66	-947.11	-1134.84

2028	2029	2030	2031	2032
354	714	1,251	1,188	1,348
883	896	888	872	854
19,904	19,904	19,541	19,226	18,732

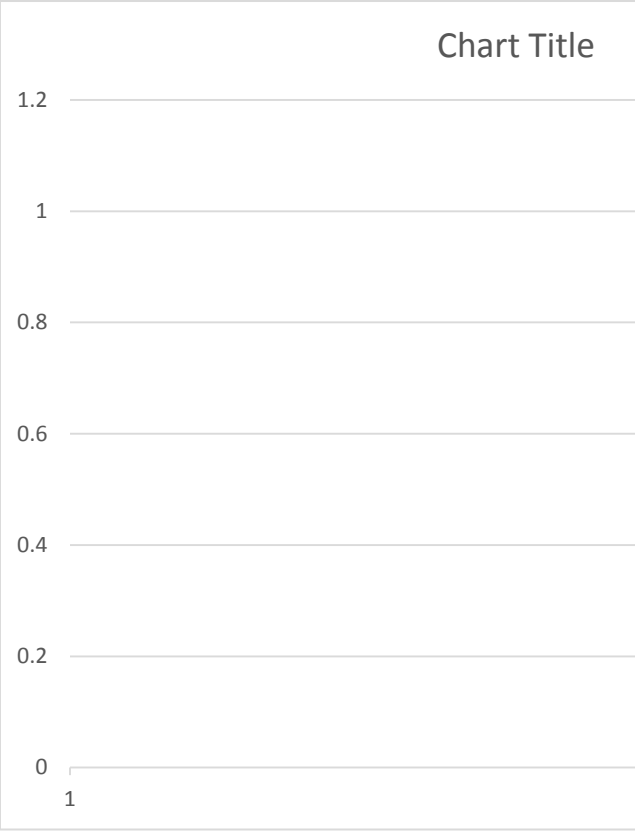


2028	2029	2030	2031	2032
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
683	685	671	650	627
18,569	18,359	17,779	17,241	16,520
-1335.34	-1545.69	-1762.53	-1984.85	-2212.33

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773



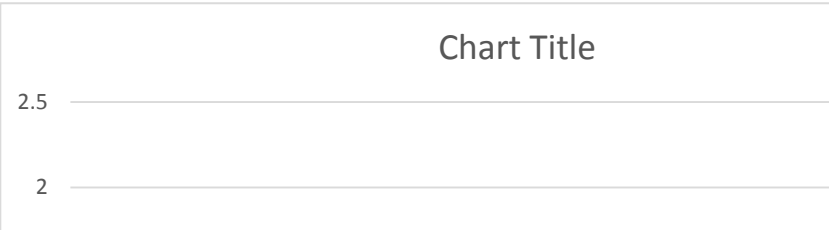
2033	2034	2035	2036	2037
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
598	558	503	443	380
15,698	14,356	12,772	11,087	9,405
-2444.06	-2677.73	-2910.37	-3140.53	-3367.72

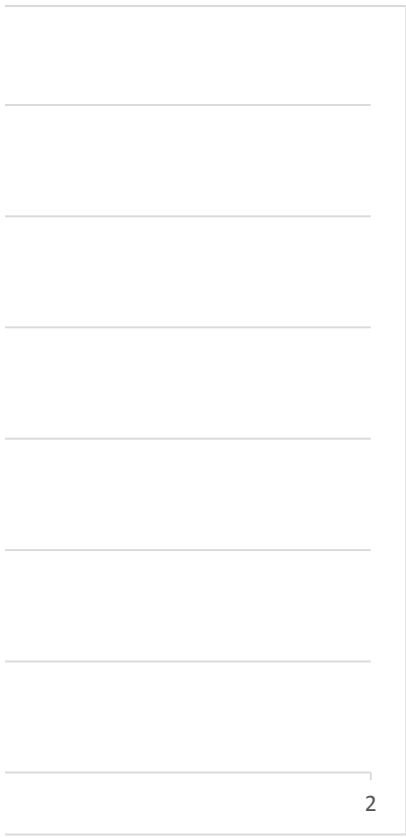
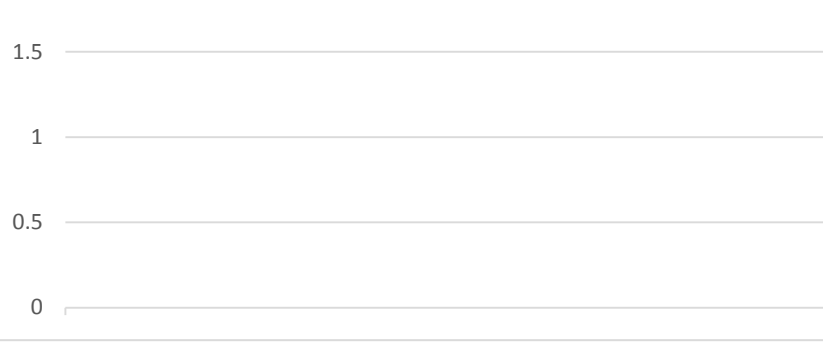


2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713



2038	2039	2040	2041	2042
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
316	254	201	153	107
7,622	6,081	4,755	3,516	2,244
-3591.40	-3811.97	-4031.14	-4250.06	-4468.94





2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0



2043	2044	2045	2046	2047
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
60	12	(38)	(94)	(165)
994	(335)	(1,730)	(3,350)	(5,549)
-4687.72	-4906.18	-5123.72	-5339.11	-5549.02

NOTE: Draft version for Comment. Inputs and assumptions may not be consistent with best information available.

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	3.71%
Basis Points	00 bp
Total (Interest Rate)	3.7119%
Model Circularity	ON

<-- Change this number to test differ
<-- Number used for scenario analys

OUTPUTS:

Interest Calculation	
Interest Rate:	3.71%
Year Interest Payments Stop:	2045
Total Interest Paid:	11,368
Peak Debt:	18,569

NOTE: Calculations do not match En

SENSITIVITIES: Determine sensitivities at various rates

Total Interest Paid		
Provincial Borrowing	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
11,368		
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
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4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivities and difference compared to provincial borrowing

Difference in Interest Paid Compared to Provincial Borrowing		
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
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ISSUANCE ANALYSIS:

Weighted Average Borrowing Calculation	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts

WEIGHTED AVERAGE:

FHT Weighted Average Rate:	3.712%
FHT Interest Paid	11,368
Peak Debt:	18,569

Provincial Borrowing at Issuance:	3.20% <i>Source: OFA</i>
Provincial Interest Paid:	8,887
Peak Debt:	17,752

Difference in Interest Paid:	2,481
Difference in Peak Debt:	817

ber 19 Analysis by EFB

rent interest rates
is

ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinement.

Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	10,374		10,879
	12,432		13,047
	14,017		14,716
	15,821		16,619
	17,874		18,750
	20,124		21,083

cial Borrowing:			
Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	1,832		2,337
	2,156		2,771
	2,439		3,138
	2,774		3,573
	3,158		4,034
	3,505		4,464

ation	
	3.520% Source: Debt Issuance Document
	3.834% Source: Debt Issuance Document
	4.214% Source: Debt Issuance Document

3.712%

OFHP debt and interest projections, by calendar year

\$ nominal million	2017
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*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

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Date: October 19, 2017

Source: Ministry of Energy

Attempted recreation by EFB (\$ nominal Million)

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3.71%
2045 (note: array formula)
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Cross Over Point:		(61)		
Borrowing Still Required:			79	129
Repayments [Reason Unknown, Plug]:				
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-462.45	-610.73	-772.66	-947.11	-1134.84

2028	2029	2030	2031	2032
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883	896	888	872	854
19,904	19,904	19,541	19,226	18,732

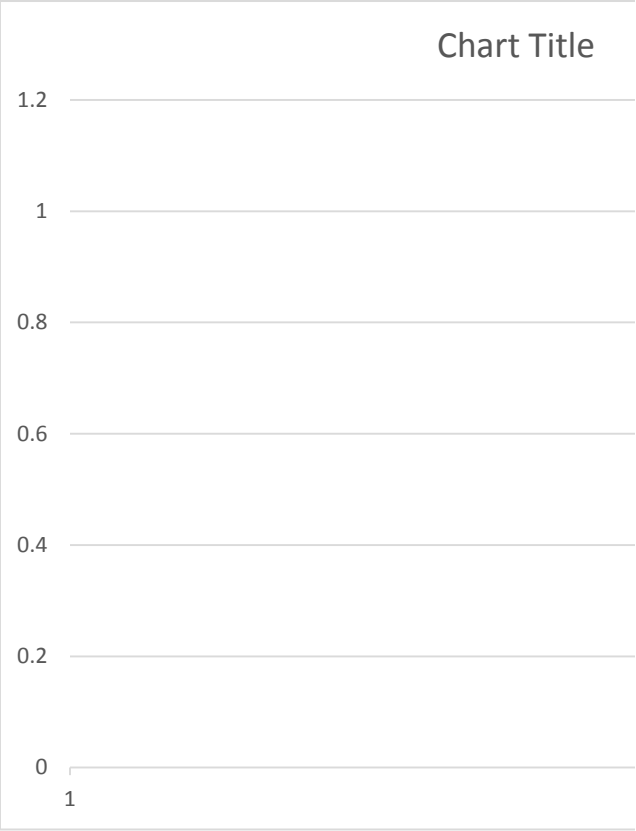


2028	2029	2030	2031	2032
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33.45	(182)			
683	685	671	650	627
18,569	18,359	17,779	17,241	16,520
-1335.34	-1545.69	-1762.53	-1984.85	-2212.33

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773



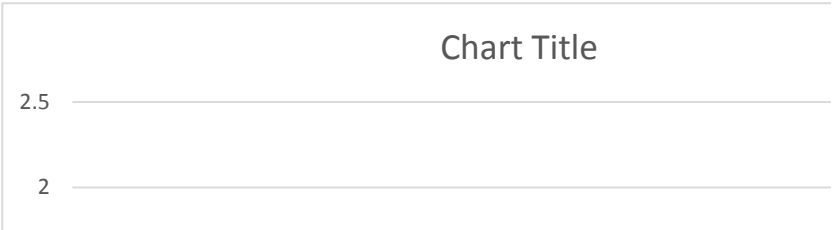
2033	2034	2035	2036	2037
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
598	558	503	443	380
15,698	14,356	12,772	11,087	9,405
-2444.06	-2677.73	-2910.37	-3140.53	-3367.72



2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713



2038	2039	2040	2041	2042
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
316	254	201	153	107
7,622	6,081	4,755	3,516	2,244
-3591.40	-3811.97	-4031.14	-4250.06	-4468.94



1.5

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0.5

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2

2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0



2043	2044	2045	2046	2047
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
60	12	(38)	(94)	(165)
994	(335)	(1,730)	(3,350)	(5,549)
-4687.72	-4906.18	-5123.72	-5339.11	-5549.02

NOTE: Draft version for Comment. Inputs and assumptions may not be consistent with best information available.

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	3.71%
Basis Points	00 bp
Total (Interest Rate)	3.7119%
Model Circularity	ON

<-- Change this number to test differ
<-- Number used for scenario analys

OUTPUTS:

Interest Calculation	
Interest Rate:	3.71%
Year Interest Payments Stop:	2045
Total Interest Paid:	11,368
Peak Debt:	18,569

NOTE: Calculations do not match En

SENSITIVITIES: Determine sensitivities at various rates

Total Interest Paid		
Provincial Borrowing	Provincial Borrowing +	Provincial Borrowing +
11,368	0 bp	30 bp
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
4.00%	13,047	15,075
4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivities and difference compared to provincial borrowing

Difference in Interest Paid Compared to Provincial Borrowing		
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
4.50%	-	2,580

ISSUANCE ANALYSIS:

Weighted Average Borrowing Calculation	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts

WEIGHTED AVERAGE:

FHT Weighted Average Rate:	3.712%
FHT Interest Paid	11,368
Peak Debt:	18,569

Provincial Borrowing at Issuance:	3.20% <i>Source: OFA</i>
Provincial Interest Paid:	8,887
Peak Debt:	17,752

Difference in Interest Paid:	2,481
Difference in Peak Debt:	817

ber 19 Analysis by EFB

rent interest rates
is

ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinement.

Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	10,374		10,879
	12,432		13,047
	14,017		14,716
	15,821		16,619
	17,874		18,750
	20,124		21,083

cial Borrowing:			
Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	1,832		2,337
	2,156		2,771
	2,439		3,138
	2,774		3,573
	3,158		4,034
	3,505		4,464

ation	
	3.520% Source: Debt Issuance Document
	3.834% Source: Debt Issuance Document
	4.214% Source: Debt Issuance Document

3.712%

OFHP debt and interest projections, by calendar year

\$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017

Source: Ministry of Energy

Attempted recreation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive: Peak Debt:
	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment* (Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	26
Closing Debt Balance [EFB Calculation]	1,423
	-5.74

2018	2019	2020	2021	2022
(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
116	225	343	466	577
3,734	6,254	9,011	11,681	13,958



3.71%
2045 (note: array formula)
11,368
18,569

2018	2019	2020	2021	2022
2,189	2,296	2,414	2,204	1,700
95	184	280	378	466
3,707	6,186	8,879	11,461	13,627
-26.68	-67.79	-131.64	-219.70	-330.96

Additional Borrowing/f

2023	2024	2025	2026	2027
(1,050)	(492)	(61)	79	129
667	733	778	814	851
15,674	16,899	17,677	18,491	19,342



2023	2024	2025	2026	2027
1,050	492	61	(79)	(129)
Cross Over Point:		(61)		
Borrowing Still Required:			79	129
Repayments [Reason Unknown, Plug]:				
535	585	616	639	664
15,212	16,289	16,905	17,544	18,207
-462.45	-610.73	-772.66	-947.11	-1134.84

2028	2029	2030	2031	2032
354	714	1,251	1,188	1,348
883	896	888	872	854
19,904	19,904	19,541	19,226	18,732

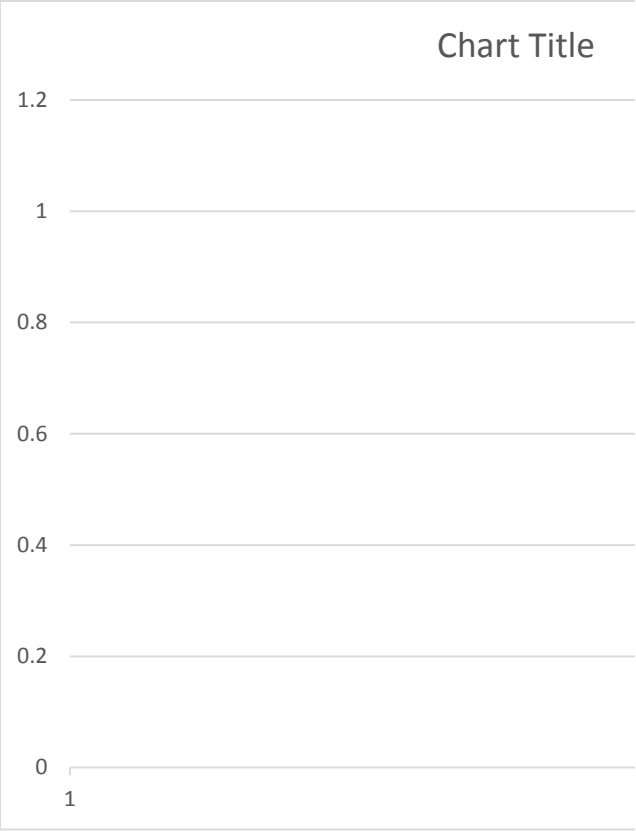


2028	2029	2030	2031	2032
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
683	685	671	650	627
18,569	18,359	17,779	17,241	16,520
-1335.34	-1545.69	-1762.53	-1984.85	-2212.33

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773



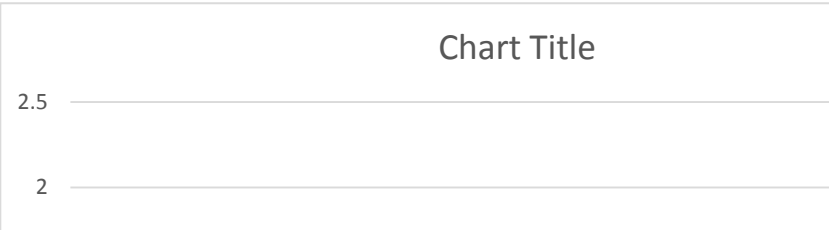
2033	2034	2035	2036	2037
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
598	558	503	443	380
15,698	14,356	12,772	11,087	9,405
-2444.06	-2677.73	-2910.37	-3140.53	-3367.72



2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713



2038	2039	2040	2041	2042
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
316	254	201	153	107
7,622	6,081	4,755	3,516	2,244
-3591.40	-3811.97	-4031.14	-4250.06	-4468.94



1.5

1

0.5

0

2

2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0



2043	2044	2045	2046	2047
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
60	12	(38)	(94)	(165)
994	(335)	(1,730)	(3,350)	(5,549)
-4687.72	-4906.18	-5123.72	-5339.11	-5549.02

NOTE: Draft version for Comment. Inputs and assumptions may not be consistent with best information available.

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	3.71%
Basis Points	00 bp
Total (Interest Rate)	3.7119%
Model Circularity	ON

<-- Change this number to test differ
<-- Number used for scenario analys

OUTPUTS:

Interest Calculation	
Interest Rate:	3.71%
Year Interest Payments Stop:	2045
Total Interest Paid:	11,368
Peak Debt:	18,569

NOTE: Calculations do not match En

SENSITIVITIES: Determine sensitivities at various rates

Total Interest Paid		
Provincial Borrowing	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
11,368		
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
4.00%	13,047	15,075
4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivities and difference compared to provincial borrowing

Difference in Interest Paid Compared to Provincial Borrowing		
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
4.50%	-	2,580

ISSUANCE ANALYSIS:

Weighted Average Borrowing Calculation	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts

WEIGHTED AVERAGE:

FHT Weighted Average Rate:	3.712%
FHT Interest Paid	11,368
Peak Debt:	18,569

Provincial Borrowing at Issuance:	3.20% <i>Source: OFA</i>
Provincial Interest Paid:	8,887
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ber 19 Analysis by EFB

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Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
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	17,874		18,750
	20,124		21,083

cial Borrowing:			
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	2,156		2,771
	2,439		3,138
	2,774		3,573
	3,158		4,034
	3,505		4,464

ation	
	3.520% Source: Debt Issuance Document
	3.834% Source: Debt Issuance Document
	4.214% Source: Debt Issuance Document

3.712%

OFHP debt and interest projections, by calendar year

\$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017

Source: Ministry of Energy

Attempted recreation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive: Peak Debt:
	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment* (Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	26
Closing Debt Balance [EFB Calculation]	1,423
	-5.74

2018	2019	2020	2021	2022
(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
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3,734	6,254	9,011	11,681	13,958



3.71%
2045 (note: array formula)
11,368
18,569

2018	2019	2020	2021	2022
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1,050	492	61	(79)	(129)
Cross Over Point:		(61)		
Borrowing Still Required:			79	129
Repayments [Reason Unknown, Plug]:				
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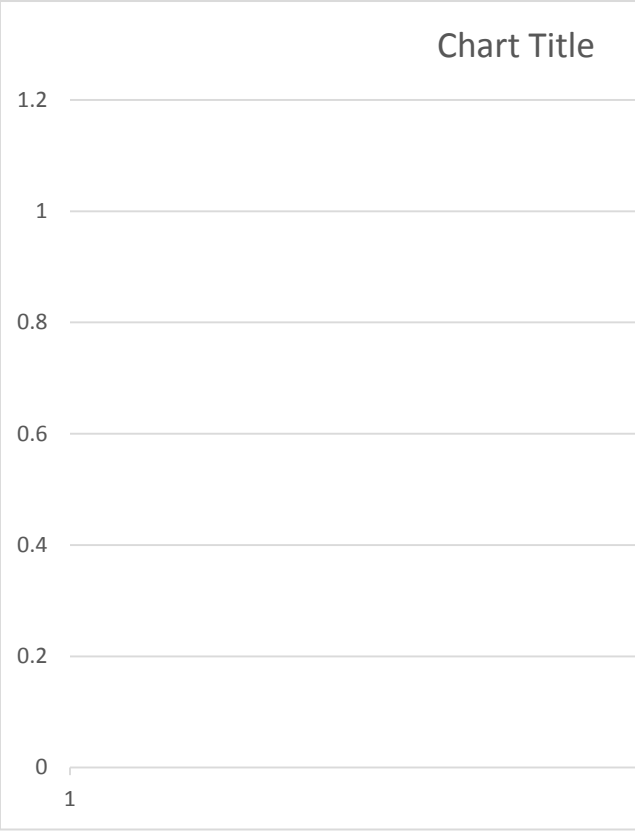


2028	2029	2030	2031	2032
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
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18,569	18,359	17,779	17,241	16,520
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2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773



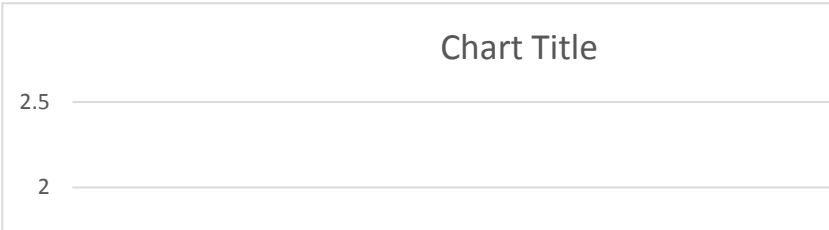
2033	2034	2035	2036	2037
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
598	558	503	443	380
15,698	14,356	12,772	11,087	9,405
-2444.06	-2677.73	-2910.37	-3140.53	-3367.72



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2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713



2038	2039	2040	2041	2042
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
316	254	201	153	107
7,622	6,081	4,755	3,516	2,244
-3591.40	-3811.97	-4031.14	-4250.06	-4468.94



1.5

1

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0

2

2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0



2043	2044	2045	2046	2047
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
60	12	(38)	(94)	(165)
994	(335)	(1,730)	(3,350)	(5,549)
-4687.72	-4906.18	-5123.72	-5339.11	-5549.02

NOTE: Draft version for Comment. Inputs and assumptions may not be consistent with best information available.

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis		
Provincial Borrowing	4.50%	<-- Change this number to test differ
Basis Points	50 bp	<-- Number used for scenario analys
Total (Interest Rate)	5.0000%	
Model Circularity	ON	

OUTPUTS:

Interest Calculation	
Interest Rate:	5.00%
Year Interest Payments Stop:	2047
Total Interest Paid:	21,083

NOTE: Calculations do not match En

SENSITIVITIES: Determine sensitivities at various rates

Total Interest Paid		
Provincial Borrowing	Provincial Borrowing +	Provincial Borrowing +
21,083	0 bp	30 bp
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
4.00%	13,047	15,075
4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivities and difference compared to provincial borrowing

Difference in Interest Paid Compared to Provin		
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
4.50%	-	2,580

ISSUANCE ANALYSIS:

Weighted Average Borrowing Calcul	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts
WEIGHTED AVERAGE:	

FHT Weighted Average Rate:	3.526%
FHT Interest Paid	10,399
Provincial Borrowing at Issuance:	3.12% <i>Source: OFA</i>
Provincial Interest Paid	8,540
Difference in Interest:	1,858

ber 19 Analysis by EFB

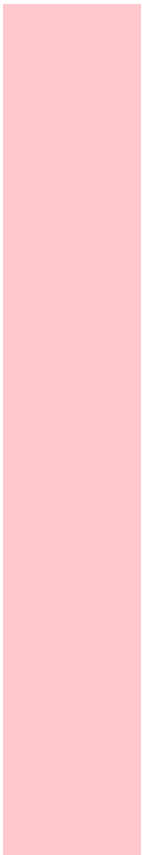
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Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
10,374		10,879	
12,432		13,047	
14,017		14,716	
15,821		16,619	
17,874		18,750	
20,124		21,083	

cial Borrowing:			
Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
1,832		2,337	
2,156		2,771	
2,439		3,138	
2,774		3,573	
3,158		4,034	
3,505		4,464	

ation	
3.357% Source: Debt Issuance	
3.64% Source: Email	
3.96% Source: Email	
3.526%	



INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	4.50%
Basis Points	00 bp
Total (Interest Rate)	4.50%

OUTPUTS:

Interest Calculation	
Interest Rate:	4.50%
Year Interest Payments Stop:	2047
Total Interest Paid:	14,308
Peak Debt:	17,612
Annual Paydown Amount:	(1,278)

SCENARIOS:

3.12%	
Interest Rate:	3.12%
Year Interest Payments Stop:	2047
Total Interest Paid:	9,038
Peak Debt:	16,348
Annual Paydown Amount:	(1,038)
Difference in Interest Paid:	1,4

Scenario Analysis with EFB Model

3.12% + 40bp	4.50%	4.5% + 50bp
3.52%	4.50%	5.00%
2047	2047	2047
10,477	14,308	16,438
16,705	17,612	18,093
(1,104)	(1,278)	(1,375)
39	2,130	

OFHP debt and interest projections, by calendar year

\$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017

Source: Ministry of Energy

Attempted recreation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive:
	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment* (Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	36
Closing Debt Balance [EFB Calculation]	1,432
	3.66

Attempted recreation and extrapolation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive: Peak Debt:
	2017

FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*
(Exactly from above)
Reduction

1,396

Opening Debt: 0

IN YEAR ANALYSIS

In-Year Interest: 29

In-Year Accumulated Debt (Excl Interest): 1,396

In-Year - End Debt: 1,425

Debt Interest from Prior Year: 0

Total Accumulated Interest: 29

Accumulated Debt: 1,396

Debt Reduction:

Closing Debt: 1,425

2018	2019	2020	2021	2022
(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
116	225	343	466	577
3,734	6,254	9,011	11,681	13,958

5.00%
2047
21,083

2018	2019	2020	2021	2022
2,189	2,296	2,414	2,204	1,700
130	251	385	523	650
3,751	6,297	9,096	11,823	14,173
17.09	43.57	84.95	142.36	215.40

2,189	2,296	2,414	2,204	1,700

1,425	3,724	6,235	8,980	11,634

46	48	50	46	36
2,189	2,296	2,414	2,204	1,700
2,235	2,344	2,464	2,250	1,736

64	168	281	404	524

110	216	331	450	559
3,614	6,020	8,649	11,184	13,334

3,724	6,235	8,980	11,634	13,894

2023	2024	2025	2026	2027
(1,050)	(492)	(61)	79	129
667	733	778	814	851
15,674	16,899	17,677	18,491	19,342



2023	2024	2025	2026	2027
1,050	492	61	(79)	(129)
Cross Over Point:		(61)		
Borrowing Still Required:			79	129
Repayments [Reason Unknown, Plug]:				
754	832	887	933	981
15,977	17,301	18,188	19,121	20,101
302.42	401.45	510.70	629.63	758.92



2023	2024	2025	2026	2027

1,050	492	61	-1278	-1278
13,894	15,591	16,794	17,612	17,127
22	10	1	0	0
1,050	492	61	0	0
1,072	502	62	0	0
625	702	756	793	771
647	712	757	793	771
14,944	16,083	16,855	17,612	17,127
			(1,278)	(1,278)
15,591	16,794	17,612	17,127	16,620

2028	2029	2030	2031	2032
354	714	1,251	1,188	1,348
883	896	888	872	854
19,904	19,904	19,541	19,226	18,732



2028	2029	2030	2031	2032
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
1,023	1,044	1,042	1,033	1,021
20,803	20,951	20,743	20,588	20,262
898.48	1046.63	1201.44	1362.46	1529.65



2028	2029	2030	2031	2032

-1278	-1278	-1278	-1278	-1278
16,620	16,090	15,537	14,958	14,354
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
748	724	699	673	646
748	724	699	673	646
16,620	16,090	15,537	14,958	14,354
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
16,090	15,537	14,958	14,354	13,722

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773

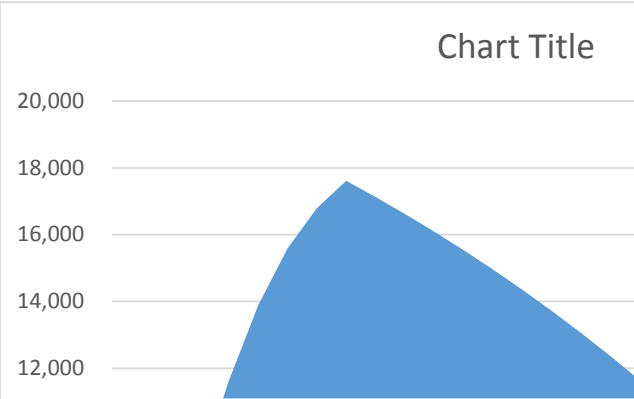


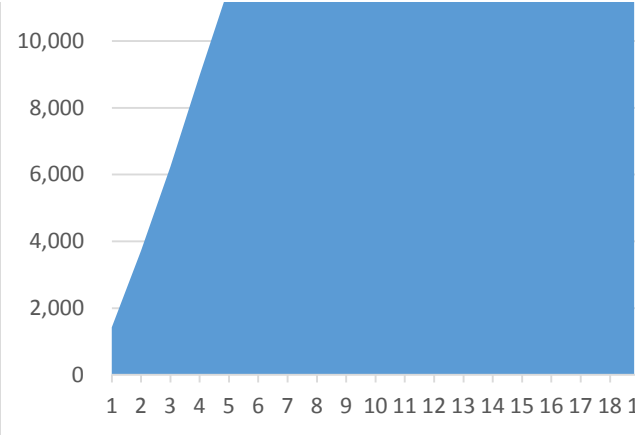
2033	2034	2035	2036	2037
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
1,003	969	916	855	792
19,845	18,913	17,743	16,470	15,200
1702.65	1880.16	2060.46	2242.82	2427.07



2033	2034	2035	2036	2037

-1278	-1278	-1278	-1278	-1278
13,722	13,062	12,372	11,651	10,897
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
617	588	557	524	490
617	588	557	524	490
13,722	13,062	12,372	11,651	10,897
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
13,062	12,372	11,651	10,897	10,110





2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713

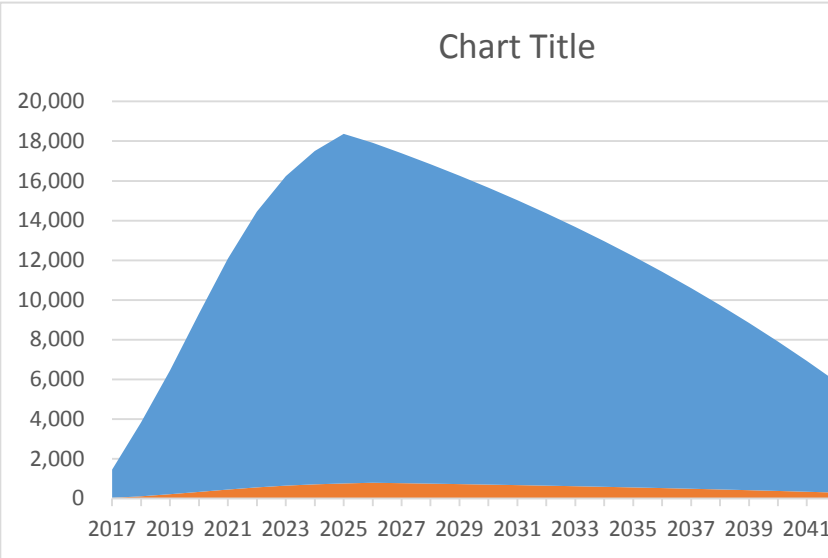


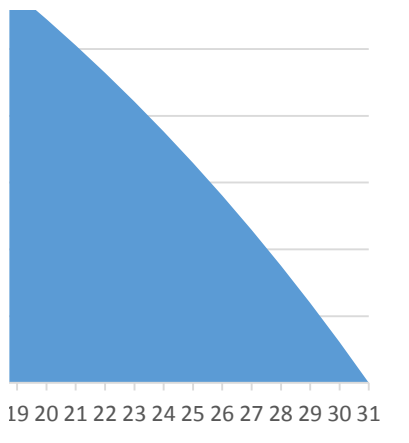
2038	2039	2040	2041	2042
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
726	663	612	568	526
13,827	12,694	11,779	10,955	10,102
2613.03	2801.15	2992.70	3188.61	3389.25



2038	2039	2040	2041	2042

-1278	-1278	-1278	-1278	-1278
10,110	9,287	8,427	7,529	6,590
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
455	418	379	339	297
455	418	379	339	297
10,110	9,287	8,427	7,529	6,590
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
9,287	8,427	7,529	6,590	5,609





2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0

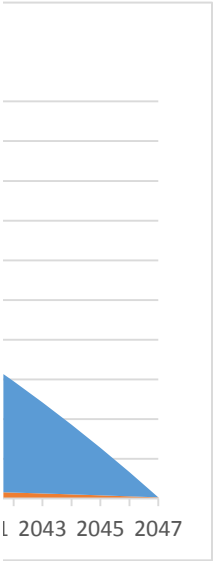


2043	2044	2045	2046	2047
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
484	441	395	341	267
9,277	8,377	7,415	6,230	4,464
3594.84	3805.48	4021.06	4241.07	4463.66



2043	2044	2045	2046	2047	2048	2049

-1278	-1278	-1278	-1278	-1278	-1278	-1278
5,609	4,584	3,512	2,393	1,223	0	(1,278)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
252	206	158	108	55	0	(57)
252	206	158	108	55	0	(57)
5,609	4,584	3,512	2,393	1,223	0	(1,278)
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
4,584	3,512	2,393	1,223	0	(1,278)	(2,613)



2050	2051	2052	2053	2054	2055	2056	2057	2058

-1278	-1278	-1278	-1278	-1278	-1278	-1278	-1278	-1278
(2,613)	(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(118)	(180)	(246)	(315)	(386)	(461)	(539)	(621)	(707)
(118)	(180)	(246)	(315)	(386)	(461)	(539)	(621)	(707)
(2,613)	(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)	(17,685)

2059

2060

2061

2062

2063

2064

2065

-1278	-1278
(17,685)	(19,758)
0	0
0	0
0	0
(796)	(889)
(796)	(889)
(17,685)	(19,758)
(1,278)	(1,278)
(19,758)	(21,925)

Instructions: An updated projection of the annual cost of the refinancing portion of the Fa

Please contact Matt Gurham (mgurham@fao-on.org) if assistance is required.

Actual and Projected Annual Global Adjustment (GA) Deferral and Repayment Amount Cash Flows

<i>\$ millions</i>
IESO forecast Global Adjustment cost *
Global Adjustment payment from ratepayer **

* Represents total GA prior to OFHP based on IESO's forecast of total GA for all customers (2017-203

** Represents total OFHP costs recovered from consumers, including deferral of GA and recovery of

Provincial Actual and Projected Fair Hydro Plan Debt

<i>\$ millions</i>
Amount borrowed/paid-back in given year***
Interest**** on accumulated debt from previous year
Accumulated Debt

***Values represent deferral of GA costs and recovery of principal.

****Interest is calculated based on the average debt balance for the year and a 5 per cent interest r
This data was used to inform the Minister's letter to OPG.

OPG Actual and Projected Fair Hydro Plan Debt

<i>\$ million</i>
Amount borrowed/paid-back in given year
Interest on accumulated debt from previous year
Accumulated Debt

Equity Injection Comparisons

Revised Annual Borrowings

Equity Injection (44%)

Revised Equity Injections - Fiscalized
EFB Equity Injection Calculation based on FAA (September 28 2017 Letter)
Variance

IOD Comparisons

Revised Equity Injections - Fiscalized

OEP forecast as of Feb 6, 2018

Interest Rate Forecast

IOD

2017-18

2018-19

2019-20

2020-21

Total Estimated IOD Impact

EFB Equity Injection Calculation based on FAA (September 28 2017 Letter)

OEP forecast as of Feb 6, 2018

Interest Rate Forecast

IOD

2017-18

2018-19

2019-20

2020-21

Total Estimated IOD Impact

Variance in IOD Impacts

air Hydro Plan.

2017	2018	2019	2020	2021	2022	2023
10,078	10,144	10,801	10,576	9,671	9,471	8,733
8,682	7,955	8,505	8,162	7,467	7,771	7,683

5) which informed the 2017 LTEP, converted by the Ministry from \$2017 to \$nominal by assuming 2% CPI principal, interest and fees.

2017	2018	2019	2020	2021	2022	2023
-1,448	-2,322	-2,553	-2,808	-2,740	-2,363	-1,819
52	133	257	394	536	663	769
1,448	3,770	6,323	9,131	11,871	14,234	16,053

ate over the 30-year life of the program, and includes associated fees.

2017	2018	2019	2020	2021	2022	2023

2017	2018	2019	2020	2021	2022	2023
1,448	2,322	2,553	2,808	2,740	2,363	1,819
637	1022	1123	1235	1206	1040	800

2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
893	1047	1151	1228	1164	980	748
853	979	1023	1035	911	675	402
40	69	128	193	253	305	346

2017-18	2018-19	2019-20	2020-21
893	1,047	1,151	1,228
growing Rate	OEP	OEP	20-Year Average
2.4%	3.4%	4.0%	4.4%

11	21	21	21
	18	35	35
		23	46
			27
11	39	80	130

853	979	1,023	1,035
growing Rate	OEP	OEP	20-Year Average
2.4%	3.4%	4.0%	4.4%

10	20	20	20
	16	33	33
		21	41
			23
10	37	74	117

0	2	6	13

2024	2025	2026	2027	2028	2029	2030
9,917	8,924	9,908	10,169	10,300	9,978	9,472
9,425	8,924	9,908	10,169	11,297	11,009	10,877

and extrapolated post-2035 based on the average rate of change between 2026-2035.

2024	2025	2026	2027	2028	2029	2030
-1,342	-907	-954	-1,004	-33	0	385
850	907	954	1,004	1,030	1,031	1,021
17,395	18,301	19,255	20,259	20,292	20,292	19,907

2024	2025	2026	2027	2028	2029	2030

2024	2025	2026	2027	2028	2029	2030
1,342	907	954	1,004	33	0	-385
590	399	420	442	15	0	-169

2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
542	404	425	335	11	-42	-164
152	-51	-112	-159	-270	-444	-604
390	455	537	494	281	402	440

2031	2032	2033	2034	2035	2036	2037
8,449	8,344	7,445	6,252	4,771	4,417	4,089
9,789	9,840	9,009	8,291	6,988	6,666	6,262

2031	2032	2033	2034	2035	2036	2037
337	515	611	1,131	1,372	1,477	1,476
1,003	981	952	908	845	772	697
19,570	19,055	18,444	17,313	15,941	14,464	12,988

2031	2032	2033	2034	2035	2036	2037

2031	2032	2033	2034	2035	2036	2037
-337	-515	-611	-1,131	-1,372	-1,477	-1,476
-148	-227	-269	-498	-604	-650	-650

2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
-168	-237	-326	-524	-615	-650	-661
-609	-664	-745	-913	-977	-980	-960
442	427	419	389	362	330	299

2038	2039	2040	2041	2042	2043	2044
3,785	3,504	3,244	3,003	2,780	2,574	2,383
5,985	5,392	4,855	4,474	4,230	3,948	3,780

2038	2039	2040	2041	2042	2043	2044
1,580	1,343	1,128	1,041	1,075	1,053	1,132
620	545	483	429	375	321	265
11,408	10,065	8,937	7,895	6,821	5,768	4,636

2038	2039	2040	2041	2042	2043	2044

2038	2039	2040	2041	2042	2043	2044
-1,580	-1,343	-1,128	-1,041	-1,075	-1,053	-1,132
-695	-591	-496	-458	-473	-463	-498

2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45
-669	-567	-487	-462	-470	-472	-505
-930	-801	-695	-646	-629	-608	-615
261	234	208	184	159	137	110

2045	2046	2047	2048
2,206	2,042	1,891	1,750
3,611	3,608	3,952	1,750

2045	2046	2047	2048
1,199	1,427	2,010	0
206	139	51	0
3,437	2,010	0	0

2045	2046	2047	2048

2045	2046	2047	2048
-1,199	-1,427	-2,010	0
-528	-628	-885	0

2045-46	2046-47	2047-48
-553	-692	-663
-637	-748	-675
85	56	11

Actual and Projected Annual Global Adjustment (GA) Deferral and Repayment

<i>\$ millions</i>	2017	2018
IESO forecast Global A	10,078	10,144
Global Adjustment paid	8,682	7,955

* Represents total GA prior to OFHP based on IESO's forecast of total GA for a

** Represents total OFHP costs recovered from consumers, including deferral

Deferral	1,396	2,189
	52	133
Annual Borrowings	1,448	2,322
TOTAL	1,448	3,770

0.03719145	0.060789592
0.035857845	0.035294613
0.03719145	0.036585899
0.0358578446	0.0510000000
0.0371914498	0.0537407798
0.0371914498	0.0523345305

5%

Recalculation	1,396	2,189
	52	130
	1,448	2,319
	1,448	3,768

nt Amount Cash Flows

2019	2020	2021	2022
10,801	10,576	9,671	9,471
8,505	8,162	7,467	7,771

ll customers (2017-2035) which informed the 2017 LTEP, converted by the Ministry from \$2017 to \$nominal by of GA and recovery of principal, interest and fees.

2,296	2,414	2,204	1,700
257	394	536	663
2,553	2,808	2,740	2,363
6,323	9,131	11,871	14,234
0.112122144	0.163279846	0.242946991	0.390032973
0.040704571	0.043159126	0.045114332	0.046583166
0.042431736	0.045105856	0.047245794	0.048859181
0.0510000000	0.0510000000	0.0510000000	0.0508000000
0.0537407798	0.0537407798	0.0537407798	0.0535187526
0.0523345305	0.0523345305	0.0523345305	0.0521239483
	0.050837963		
2,296	2,414	2,204	1,700
252	386	524	651
2,548	2,799	2,728	2,351
6,315	9,115	11,843	14,194

2023	2024	2025	2026
8,733	9,917	8,924	9,908
7,683	9,425	8,924	9,908

/ assuming 2% CPI and extrapolated post-2035 based on the average rate of change between 2026-2035.

1,050	492	0	0
769	850	907	954
1,819	1,342	907	954
16,053	17,395	18,301	19,255
0.73265484	1.72677531	#DIV/0!	#DIV/0!
0.047921434	0.048841011	0.049541642	0.049541642
0.050333487	0.051348946	0.052123948	0.052123948
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483
1,050	492	0	0
755	833	888	934
1,805	1,325	888	934
15,999	17,324	18,212	19,146

2027	2028	2029	2030
10,169	10,300	9,978	9,472
10,169	11,297	11,009	10,877

0	-997	-1,031	-1,406
1,004	1,030	1,031	1,021
1,004	33	0	-385
20,259	20,292	20,292	19,907
#DIV/0!	-1.033303874	-1	-0.726329513
0.052123948	0.053472634	0.053518753	0.054063854
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483
0	-997	-1,031	-1,406
982	1007	1006	995
982	10	-25	-410
20,128	20,138	20,113	19,703

2031	2032	2033	2034
8,449	8,344	7,445	6,252
9,789	9,840	9,009	8,291

-1,340	-1,496	-1,564	-2,039
1,003	981	952	908
-337	-515	-611	-1,131
19,570	19,055	18,444	17,313

-0.748423197	-0.655724615	-0.609140601

0.054004521	0.054281378	0.054453742	0.055363212
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

-1,340	-1,496	-1,564	-2,039
976	953	924	879
-364	-543	-640	-1,160
19,339	18,796	18,156	16,996

2035	2036	2037	2038
4,771	4,417	4,089	3,785
6,988	6,666	6,262	5,985

-2,217	-2,249	-2,173	-2,200
845	772	697	620
-1,372	-1,477	-1,476	-1,580
15,941	14,464	12,988	11,408

0.055951526			
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

-2,217	-2,249	-2,173	-2,200
815	742	667	589
-1,402	-1,507	-1,507	-1,611
15,594	14,087	12,580	10,968

2039	2040	2041	2042
3,504	3,244	3,003	2,780
5,392	4,855	4,474	4,230

-1,888	-1,611	-1,471	-1,450
545	483	429	375
-1,343	-1,128	-1,041	-1,075
10,065	8,937	7,895	6,821

0.0508000000	0.0508000000	0.0510000000	0.0510000000
0.0535187526	0.0535187526	0.0537407798	0.0537407798
0.0521239483	0.0521239483	0.0523345305	0.0523345305

-1,888	-1,611	-1,471	-1,450
514	451	395	340
-1,374	-1,160	-1,076	-1,110
9,595	8,434	7,358	6,249

2043	2044	2045	2046
2,574	2,383	2,206	2,042
3,948	3,780	3,611	3,608

-1,374	-1,397	-1,405	-1,565
321	265	206	139
-1,053	-1,132	-1,199	-1,427
5,768	4,636	3,437	2,010

0.0510000000	0.0510000000	0.0510000000	0.0510000000
0.0537407798	0.0537407798	0.0537407798	0.0537407798
0.0523345305	0.0523345305	0.0523345305	0.0523345305

-1,374	-1,397	-1,405	-1,565
285	229	169	101
-1,088	-1,168	-1,236	-1,464
5,160	3,992	2,756	1,291

2047	2048
1,891	1,750
3,952	1,750

-2,062	0
51	0
-2,010	0
0	0

0.0510000000	0.0000000000
0.0537407798	0.0000000000
0.0523345305	0.0000000000

-2,062	0
13	-39
-2,048	-39
-757	-796

NOTE: Draft version for Comment. Inputs and assumptions may not be consistent with best information available.

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	4.50%
Basis Points	50 bp
Total (Interest Rate)	5.0000%
Model Circularity	ON

<-- Change this number to test differ

<-- Number used for scenario analys

OUTPUTS:

Interest Calculation	
Interest Rate:	5.00%
Year Interest Payments Stop:	2047
Total Interest Paid:	21,083

NOTE: Calculations do not match En

SENSITIVITIES: Determine sensitivities at various rates

Total Interest Paid		
Provincial Borrowing	Provincial Borrowing +	Provincial Borrowing +
21,083	0 bp	30 bp
3.12%	8,542	9,885
3.50%	10,275	11,857
3.75%	11,578	13,362
4.00%	13,047	15,075
4.25%	14,716	17,030
4.50%	16,619	19,200

Sensitivities and difference compared to provincial borrowing

Difference in Interest Paid Compared to Provin		
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	1,343
3.50%	-	1,582
3.75%	-	1,784
4.00%	-	2,028
4.25%	-	2,314
4.50%	-	2,580

ISSUANCE ANALYSIS:

Weighted Average Borrowing Calcul	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts
WEIGHTED AVERAGE:	

FHT Weighted Average Rate:	3.526%
FHT Interest Paid	10,399
Provincial Borrowing at Issuance:	3.12% <i>Source: OFA</i>
Provincial Interest Paid	8,540
Difference in Interest:	1,858

ber 19 Analysis by EFB

rent interest rates
is

ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinement.

Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	10,374		10,879
	12,432		13,047
	14,017		14,716
	15,821		16,619
	17,874		18,750
	20,124		21,083

cial Borrowing:			
Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	1,832		2,337
	2,156		2,771
	2,439		3,138
	2,774		3,573
	3,158		4,034
	3,505		4,464

ation	
	3.357% Source: Debt Issuance
	3.64% Source: Email
	3.96% Source: Email
	3.526%



INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	4.50%
Basis Points	00 bp
Total (Interest Rate)	4.50%

OUTPUTS:

Interest Calculation	
Interest Rate:	4.50%
Year Interest Payments Stop:	2047
Total Interest Paid:	14,308
Peak Debt:	17,612
Annual Paydown Amount:	(1,278)

SCENARIOS:

	3.12%
Interest Rate:	3.12%
Year Interest Payments Stop:	2047
Total Interest Paid:	9,038
Peak Debt:	16,348
Annual Paydown Amount:	(1,038)
Difference in Interest Paid:	1,4

Scenario Analysis with EFB Model

3.12% + 40bp	4.50%	4.5% + 50bp
3.52%	4.50%	5.00%
2047	2047	2047
10,477	14,308	16,438
16,705	17,612	18,093
(1,104)	(1,278)	(1,375)
39	2,130	

OFHP debt and interest projections, by calendar year

\$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017

Source: Ministry of Energy

Attempted recreation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive:
	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment* (Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	36
Closing Debt Balance [EFB Calculation]	1,432
	3.66

Attempted recreation and extrapolation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive: Peak Debt:
	2017

FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*
(Exactly from above)
Reduction

1,396

Opening Debt: 0

IN YEAR ANALYSIS

In-Year Interest: 29

In-Year Accumulated Debt (Excl Interest): 1,396

In-Year - End Debt: 1,425

Debt Interest from Prior Year: 0

Total Accumulated Interest: 29

Accumulated Debt: 1,396

Debt Reduction:

Closing Debt: 1,425

2018	2019	2020	2021	2022
(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
116	225	343	466	577
3,734	6,254	9,011	11,681	13,958

5.00%
2047
21,083

2018	2019	2020	2021	2022
2,189	2,296	2,414	2,204	1,700
130	251	385	523	650
3,751	6,297	9,096	11,823	14,173
17.09	43.57	84.95	142.36	215.40

4.50%					
2047					
14,308					
17,612					
2018	2019	2020	2021	2022	

2,189	2,296	2,414	2,204	1,700

1,425	3,724	6,235	8,980	11,634

46	48	50	46	36
2,189	2,296	2,414	2,204	1,700
2,235	2,344	2,464	2,250	1,736

64	168	281	404	524

110	216	331	450	559
3,614	6,020	8,649	11,184	13,334

3,724	6,235	8,980	11,634	13,894

2023	2024	2025	2026	2027
(1,050)	(492)	(61)	79	129
667	733	778	814	851
15,674	16,899	17,677	18,491	19,342



2023	2024	2025	2026	2027
1,050	492	61	(79)	(129)
Cross Over Point:		(61)		
Borrowing Still Required:			79	129
Repayments [Reason Unknown, Plug]:				
754	832	887	933	981
15,977	17,301	18,188	19,121	20,101
302.42	401.45	510.70	629.63	758.92



2023	2024	2025	2026	2027

1,050	492	61	-1278	-1278
13,894	15,591	16,794	17,612	17,127
22	10	1	0	0
1,050	492	61	0	0
1,072	502	62	0	0
625	702	756	793	771
647	712	757	793	771
14,944	16,083	16,855	17,612	17,127
			(1,278)	(1,278)
15,591	16,794	17,612	17,127	16,620

2028	2029	2030	2031	2032
354	714	1,251	1,188	1,348
883	896	888	872	854
19,904	19,904	19,541	19,226	18,732



2028	2029	2030	2031	2032
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
1,023	1,044	1,042	1,033	1,021
20,803	20,951	20,743	20,588	20,262
898.48	1046.63	1201.44	1362.46	1529.65



2028	2029	2030	2031	2032

-1278	-1278	-1278	-1278	-1278
16,620	16,090	15,537	14,958	14,354
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
748	724	699	673	646
748	724	699	673	646
16,620	16,090	15,537	14,958	14,354
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
16,090	15,537	14,958	14,354	13,722

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773

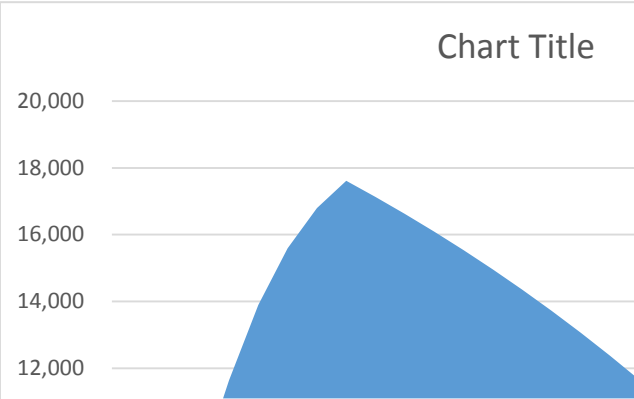


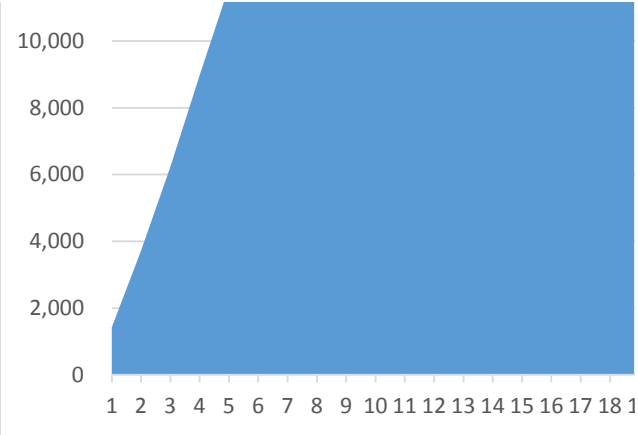
2033	2034	2035	2036	2037
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
1,003	969	916	855	792
19,845	18,913	17,743	16,470	15,200
1702.65	1880.16	2060.46	2242.82	2427.07



2033	2034	2035	2036	2037

-1278	-1278	-1278	-1278	-1278
13,722	13,062	12,372	11,651	10,897
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
617	588	557	524	490
617	588	557	524	490
13,722	13,062	12,372	11,651	10,897
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
13,062	12,372	11,651	10,897	10,110





2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713

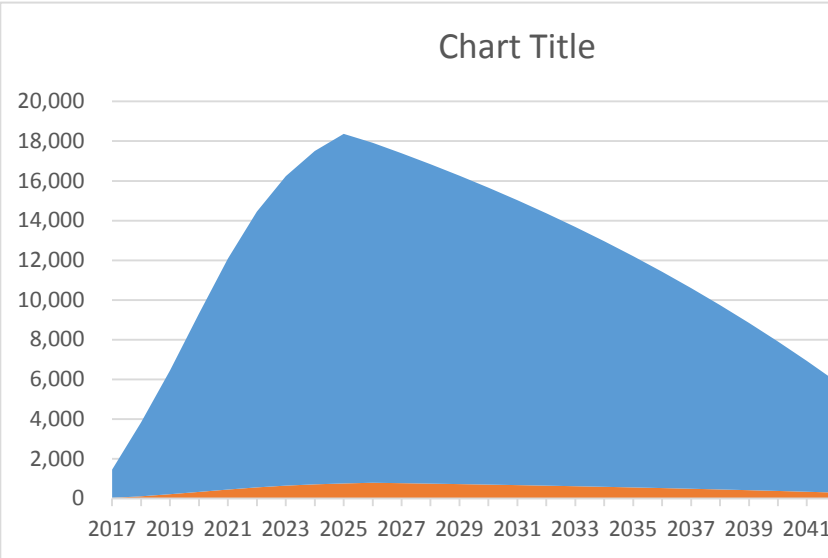


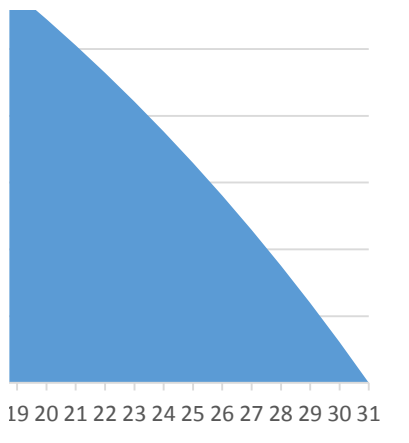
2038	2039	2040	2041	2042
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
726	663	612	568	526
13,827	12,694	11,779	10,955	10,102
2613.03	2801.15	2992.70	3188.61	3389.25



2038	2039	2040	2041	2042

-1278	-1278	-1278	-1278	-1278
10,110	9,287	8,427	7,529	6,590
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
455	418	379	339	297
455	418	379	339	297
10,110	9,287	8,427	7,529	6,590
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
9,287	8,427	7,529	6,590	5,609





2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0

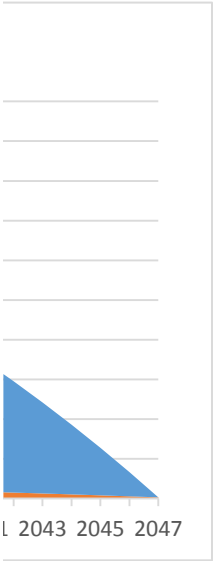


2043	2044	2045	2046	2047
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
484	441	395	341	267
9,277	8,377	7,415	6,230	4,464
3594.84	3805.48	4021.06	4241.07	4463.66



2043	2044	2045	2046	2047	2048	2049

-1278	-1278	-1278	-1278	-1278	-1278	-1278
5,609	4,584	3,512	2,393	1,223	0	(1,278)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
252	206	158	108	55	0	(57)
252	206	158	108	55	0	(57)
5,609	4,584	3,512	2,393	1,223	0	(1,278)
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
4,584	3,512	2,393	1,223	0	(1,278)	(2,613)



2050	2051	2052	2053	2054	2055	2056	2057	2058

-1278	-1278	-1278	-1278	-1278	-1278	-1278	-1278	-1278
(2,613)	(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(118)	(180)	(246)	(315)	(386)	(461)	(539)	(621)	(707)
(118)	(180)	(246)	(315)	(386)	(461)	(539)	(621)	(707)
(2,613)	(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)	(17,685)

-1278	-1278
(17,685)	(19,758)
0	0
0	0
0	0
(796)	(889)
(796)	(889)
(17,685)	(19,758)
(1,278)	(1,278)
(19,758)	(21,925)

Instructions: An updated projection of the annual cost of the refinancing portion of the Fa

Please contact Matt Gurham (mgurham@fao-on.org) if assistance is required.

Actual and Projected Annual Global Adjustment (GA) Deferral and Repayment Amount Cash Flows

<i>\$ millions</i>
IESO forecast Global Adjustment cost *
Global Adjustment payment from ratepayer **

* Represents total GA prior to OFHP based on IESO's forecast of total GA for all customers (2017-203

** Represents total OFHP costs recovered from consumers, including deferral of GA and recovery of

Provincial Actual and Projected Fair Hydro Plan Debt

<i>\$ millions</i>
Amount borrowed/paid-back in given year***
Interest**** on accumulated debt from previous year
Accumulated Debt

***Values represent deferral of GA costs and recovery of principal.

****Interest is calculated based on the average debt balance for the year and a 5 per cent interest r
This data was used to inform the Minister's letter to OPG.

OPG Actual and Projected Fair Hydro Plan Debt

<i>\$ million</i>
Amount borrowed/paid-back in given year
Interest on accumulated debt from previous year
Accumulated Debt

Equity Injection Comparisons

Revised Annual Borrowings

Equity Injection (44%)

Revised Equity Injections - Fiscalized
EFB Equity Injection Calculation based on FAA (September 28 2017 Letter)
Variance

IOD Comparisons

Revised Equity Injections - Fiscalized

OEP forecast as of Feb 6, 2018

Interest Rate Forecast

IOD

2017-18

2018-19

2019-20

2020-21

2021-22

2022-23

2023-24

2024-25

2025-26

2026-27

2027-28

2028-29

Total Estimated IOD Impact

EFB Equity Injection Calculation based on FAA (September 28 2017 Letter)

OEP forecast as of Feb 6, 2018

Interest Rate Forecast

IOD

2017-18

2018-19

2019-20

2020-21

Total Estimated IOD Impact

Variance in IOD Impacts

ir Hydro Plan.

2017	2018	2019	2020	2021	2022	2023
10,078	10,144	10,801	10,576	9,671	9,471	8,733
8,682	7,955	8,505	8,162	7,467	7,771	7,683

5) which informed the 2017 LTEP, converted by the Ministry from \$2017 to \$nominal by assuming 2% CPI principal, interest and fees.

2017	2018	2019	2020	2021	2022	2023
-1,448	-2,322	-2,553	-2,808	-2,740	-2,363	-1,819
52	133	257	394	536	663	769
1,448	3,770	6,323	9,131	11,871	14,234	16,053

ate over the 30-year life of the program, and includes associated fees.

2017	2018	2019	2020	2021	2022	2023

2017	2018	2019	2020	2021	2022	2023
1,448	2,322	2,553	2,808	2,740	2,363	1,819
637	1022	1123	1235	1206	1040	800

2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
893	1047	1151	1228	1164	980	748
853	979	1023	1035	911	675	402
40	69	128	193	253	305	346

2017-18	2018-19	2019-20	2020-21			
893	1,047	1,151	1,228	1,164	980	748
growing Rate	OEP	OEP	20-Year Average			
2.4%	3.4%	4.0%	4.4%	4.4%	4.4%	4.4%

11	21	21	21	21	21	21
	18	35	35	35	35	35
		23	46	46	46	46
			27	54	54	54
				26	51	51
					22	43
						16

11	39	80	130	183	230	268

853	979	1,023	1,035
growing Rate	OEP	OEP	20-Year Average
2.4%	3.4%	4.0%	4.4%

10	20	20	20
	16	33	33
		21	41
			23

10	37	74	117

0	2	6	13

2024	2025	2026	2027	2028	2029	2030
9,917	8,924	9,908	10,169	10,300	9,978	9,472
9,425	8,924	9,908	10,169	11,297	11,009	10,877

and extrapolated post-2035 based on the average rate of change between 2026-2035.

2024	2025	2026	2027	2028	2029	2030
-1,342	-907	-954	-1,004	-33	0	385
850	907	954	1,004	1,030	1,031	1,021
17,395	18,301	19,255	20,259	20,292	20,292	19,907

2024	2025	2026	2027	2028	2029	2030

2024	2025	2026	2027	2028	2029	2030
1,342	907	954	1,004	33	0	-385
590	399	420	442	15	0	-169

2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
542	404	425	335	11	-42	-164
152	-51	-112	-159	-270	-444	-604
390	455	537	494	281	402	440

542

404

425

335

11

(42)

(164)

4.4%

4.4%

4.4%

4.4%

4.4%

4.4%

4.4%

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297	318	336	353	360	360

2031	2032	2033	2034	2035	2036	2037
8,449	8,344	7,445	6,252	4,771	4,417	4,089
9,789	9,840	9,009	8,291	6,988	6,666	6,262

2031	2032	2033	2034	2035	2036	2037
337	515	611	1,131	1,372	1,477	1,476
1,003	981	952	908	845	772	697
19,570	19,055	18,444	17,313	15,941	14,464	12,988

2031	2032	2033	2034	2035	2036	2037

2031	2032	2033	2034	2035	2036	2037
-337	-515	-611	-1,131	-1,372	-1,477	-1,476
-148	-227	-269	-498	-604	-650	-650

2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
-168	-237	-326	-524	-615	-650	-661
-609	-664	-745	-913	-977	-980	-960
442	427	419	389	362	330	299

(168) (237) (326) (524) (615) (650) (661)

4.4% 4.4% 4.4% 4.4% 4.4% 4.4% 4.4%

2038	2039	2040	2041	2042	2043	2044
3,785	3,504	3,244	3,003	2,780	2,574	2,383
5,985	5,392	4,855	4,474	4,230	3,948	3,780

2038	2039	2040	2041	2042	2043	2044
1,580	1,343	1,128	1,041	1,075	1,053	1,132
620	545	483	429	375	321	265
11,408	10,065	8,937	7,895	6,821	5,768	4,636

2038	2039	2040	2041	2042	2043	2044

2038	2039	2040	2041	2042	2043	2044
-1,580	-1,343	-1,128	-1,041	-1,075	-1,053	-1,132
-695	-591	-496	-458	-473	-463	-498

2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45
-669	-567	-487	-462	-470	-472	-505
-930	-801	-695	-646	-629	-608	-615
261	234	208	184	159	137	110

(669)	(567)	(487)	(462)	(470)	(472)	(505)
4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%

2045	2046	2047	2048
2,206	2,042	1,891	1,750
3,611	3,608	3,952	1,750

2045	2046	2047	2048
1,199	1,427	2,010	0
206	139	51	0
3,437	2,010	0	0

2045	2046	2047	2048

2045	2046	2047	2048
-1,199	-1,427	-2,010	0
-528	-628	-885	0

2045-46	2046-47	2047-48
-553	-692	-663
-637	-748	-675
85	56	11

(553)(692)(663)

4.4%4.4%4.4%

Actual and Projected Annual Global Adjustment (GA) Deferral and Repayment

<i>\$ millions</i>	2017	2018
IESO forecast Global A	10,078	10,144
Global Adjustment paid	8,682	7,955

* Represents total GA prior to OFHP based on IESO's forecast of total GA for a

** Represents total OFHP costs recovered from consumers, including deferral

Deferral	1,396	2,189
	52	133
Annual Borrowings	1,448	2,322
TOTAL	1,448	3,770

0.03719145	0.060789592
0.035857845	0.035294613
0.03719145	0.036585899
0.0358578446	0.0510000000
0.0371914498	0.0537407798
0.0371914498	0.0523345305

5%

Recalculation	1,396	2,189
	52	130
	1,448	2,319
	1,448	3,768

nt Amount Cash Flows

2019	2020	2021	2022
10,801	10,576	9,671	9,471
8,505	8,162	7,467	7,771

ll customers (2017-2035) which informed the 2017 LTEP, converted by the Ministry from \$2017 to \$nominal by of GA and recovery of principal, interest and fees.

2,296	2,414	2,204	1,700
257	394	536	663
2,553	2,808	2,740	2,363
6,323	9,131	11,871	14,234

0.112122144	0.163279846	0.242946991	0.390032973
0.040704571	0.043159126	0.045114332	0.046583166
0.042431736	0.045105856	0.047245794	0.048859181
0.0510000000	0.0510000000	0.0510000000	0.0508000000
0.0537407798	0.0537407798	0.0537407798	0.0535187526
0.0523345305	0.0523345305	0.0523345305	0.0521239483
	0.050837963		

2,296	2,414	2,204	1,700
252	386	524	651
2,548	2,799	2,728	2,351
6,315	9,115	11,843	14,194

2023	2024	2025	2026
8,733	9,917	8,924	9,908
7,683	9,425	8,924	9,908

/ assuming 2% CPI and extrapolated post-2035 based on the average rate of change between 2026-2035.

1,050	492	0	0
769	850	907	954
1,819	1,342	907	954
16,053	17,395	18,301	19,255
0.73265484	1.72677531	#DIV/0!	#DIV/0!
0.047921434	0.048841011	0.049541642	0.049541642
0.050333487	0.051348946	0.052123948	0.052123948
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483
1,050	492	0	0
755	833	888	934
1,805	1,325	888	934
15,999	17,324	18,212	19,146

2027	2028	2029	2030
10,169	10,300	9,978	9,472
10,169	11,297	11,009	10,877

0	-997	-1,031	-1,406
1,004	1,030	1,031	1,021
1,004	33	0	-385
20,259	20,292	20,292	19,907
#DIV/0!	-1.033303874	-1	-0.726329513
0.052123948	0.053472634	0.053518753	0.054063854
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483
0	-997	-1,031	-1,406
982	1007	1006	995
982	10	-25	-410
20,128	20,138	20,113	19,703

2031	2032	2033	2034
8,449	8,344	7,445	6,252
9,789	9,840	9,009	8,291

-1,340	-1,496	-1,564	-2,039
1,003	981	952	908
-337	-515	-611	-1,131
19,570	19,055	18,444	17,313

-0.748423197	-0.655724615	-0.609140601

0.054004521	0.054281378	0.054453742	0.055363212
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

-1,340	-1,496	-1,564	-2,039
976	953	924	879
-364	-543	-640	-1,160
19,339	18,796	18,156	16,996

2035	2036	2037	2038
4,771	4,417	4,089	3,785
6,988	6,666	6,262	5,985

-2,217	-2,249	-2,173	-2,200
845	772	697	620
-1,372	-1,477	-1,476	-1,580
15,941	14,464	12,988	11,408

0.055951526			
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

-2,217	-2,249	-2,173	-2,200
815	742	667	589
-1,402	-1,507	-1,507	-1,611
15,594	14,087	12,580	10,968

2039	2040	2041	2042
3,504	3,244	3,003	2,780
5,392	4,855	4,474	4,230

-1,888	-1,611	-1,471	-1,450
545	483	429	375
-1,343	-1,128	-1,041	-1,075
10,065	8,937	7,895	6,821

0.0508000000	0.0508000000	0.0510000000	0.0510000000
0.0535187526	0.0535187526	0.0537407798	0.0537407798
0.0521239483	0.0521239483	0.0523345305	0.0523345305

-1,888	-1,611	-1,471	-1,450
514	451	395	340
-1,374	-1,160	-1,076	-1,110
9,595	8,434	7,358	6,249

2043	2044	2045	2046
2,574	2,383	2,206	2,042
3,948	3,780	3,611	3,608

-1,374	-1,397	-1,405	-1,565
321	265	206	139
-1,053	-1,132	-1,199	-1,427
5,768	4,636	3,437	2,010

0.0510000000	0.0510000000	0.0510000000	0.0510000000
0.0537407798	0.0537407798	0.0537407798	0.0537407798
0.0523345305	0.0523345305	0.0523345305	0.0523345305

-1,374	-1,397	-1,405	-1,565
285	229	169	101
-1,088	-1,168	-1,236	-1,464
5,160	3,992	2,756	1,291

2047	2048
1,891	1,750
3,952	1,750

-2,062	0
51	0
-2,010	0
0	0

0.0510000000	0.0000000000
0.0537407798	0.0000000000
0.0523345305	0.0000000000

-2,062	0
13	-39
-2,048	-39
-757	-796

NOTE: Draft version for Comment. Inputs and assumptions may not be consistent with best information available.

Attempted Recreation of Energy's Octo

INPUTS:

Calculation for Scenario Analysis		
Provincial Borrowing	4.50%	<-- Change this number to test differ
Basis Points	50 bp	<-- Number used for scenario analys
Total (Interest Rate)	5.0000%	
Model Circularity	ON	

OUTPUTS:

Interest Calculation	
Interest Rate:	5.00%
Year Interest Payments Stop:	2047
Total Interest Paid:	21,083

NOTE: Calculations do not match En

SENSITIVITIES: Determine sensitivities at various rates

		Total Interest Paid	
Provincial Borrowing	Provincial Borrowing +	Provincial Borrowing +	
21,083	0 bp	30 bp	
3.12%	21,083	21,083	
3.50%	21,083	21,083	
3.75%	21,083	21,083	
4.00%	21,083	21,083	
4.25%	21,083	21,083	
4.50%	21,083	21,083	

Sensitivities and difference compared to provincial borrowing

Difference in Interest Paid Compared to Provin		
	Provincial Borrowing + 0 bp	Provincial Borrowing + 30 bp
3.12%	-	-
3.50%	-	-
3.75%	-	-
4.00%	-	-
4.25%	-	-
4.50%	-	-

ISSUANCE ANALYSIS:

Weighted Average Borrowing Calcul	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts
WEIGHTED AVERAGE:	

FHT Weighted Average Rate:	3.526%
FHT Interest Paid	10,399
Provincial Borrowing at Issuance:	3.12% <i>Source: OFA</i>
Provincial Interest Paid	8,540
Difference in Interest:	1,858

ber 19 Analysis by EFB

rent interest rates
is

ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinement.

Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	21,083		21,083
	21,083		21,083
	21,083		21,083
	21,083		21,083
	21,083		21,083
	21,083		21,083

cial Borrowing:			
Provincial Borrowing + 40 bp		Provincial Borrowing + 50 bp	
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-

ation	
	3.357% Source: Debt Issuance
	3.64% Source: Email
	3.96% Source: Email
	3.526%



INPUTS:

Calculation for Scenario Analysis	
Provincial Borrowing	4.50%
Basis Points	00 bp
Total (Interest Rate)	4.50%

OUTPUTS:

Interest Calculation	
Interest Rate:	4.50%
Year Interest Payments Stop:	2047
Total Interest Paid:	14,308
Peak Debt:	17,612
Annual Paydown Amount:	(1,278)

SCENARIOS:

	3.12%
Interest Rate:	3.12%
Year Interest Payments Stop:	2047
Total Interest Paid:	9,038
Peak Debt:	16,348
Annual Paydown Amount:	(1,038)
Difference in Interest Paid:	1,4

Scenario Analysis with EFB Model

3.12% + 40bp	4.50%	4.5% + 50bp
3.52%	4.50%	5.00%
2047	2047	2047
10,477	14,308	16,438
16,705	17,612	18,093
(1,104)	(1,278)	(1,375)
39	2,130	

OFHP debt and interest projections, by calendar year

\$ nominal million	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*	(1,396)
Interest Paid	32
Closing Debt Balance	1,428

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017

Source: Ministry of Energy

Attempted recreation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive:
	2017
FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment* (Exactly from above)	1,396
Interest Paid (attempted recreation) [EFB Calculation]	36
Closing Debt Balance [EFB Calculation]	1,432
	3.66

Attempted recreation and extrapolation by EFB (\$ nominal Million)

	Interest: Year Interest Payments Stop: Total Interest Paid - Positive: Peak Debt:
	2017

FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*
(Exactly from above)
Reduction

1,396

Opening Debt: 0

IN YEAR ANALYSIS

In-Year Interest: 29

In-Year Accumulated Debt (Excl Interest): 1,396

In-Year - End Debt: 1,425

Debt Interest from Prior Year: 0

Total Accumulated Interest: 29

Accumulated Debt: 1,396

Debt Reduction:

Closing Debt: 1,425

2018	2019	2020	2021	2022
(2,189)	(2,296)	(2,414)	(2,204)	(1,700)
116	225	343	466	577
3,734	6,254	9,011	11,681	13,958

5.00%
2047
21,083

2018	2019	2020	2021	2022
2,189	2,296	2,414	2,204	1,700
130	251	385	523	650
3,751	6,297	9,096	11,823	14,173
17.09	43.57	84.95	142.36	215.40

4.50%					
2047					
14,308					
17,612					
2018	2019	2020	2021	2022	

2,189	2,296	2,414	2,204	1,700

1,425	3,724	6,235	8,980	11,634

46	48	50	46	36
2,189	2,296	2,414	2,204	1,700
2,235	2,344	2,464	2,250	1,736

64	168	281	404	524

110	216	331	450	559
3,614	6,020	8,649	11,184	13,334

3,724	6,235	8,980	11,634	13,894

2023	2024	2025	2026	2027
(1,050)	(492)	(61)	79	129
667	733	778	814	851
15,674	16,899	17,677	18,491	19,342



2023	2024	2025	2026	2027
1,050	492	61	(79)	(129)
Cross Over Point:		(61)		
Borrowing Still Required:			79	129
Repayments [Reason Unknown, Plug]:				
754	832	887	933	981
15,977	17,301	18,188	19,121	20,101
302.42	401.45	510.70	629.63	758.92



2023	2024	2025	2026	2027

1,050	492	61	-1278	-1278
13,894	15,591	16,794	17,612	17,127
22	10	1	0	0
1,050	492	61	0	0
1,072	502	62	0	0
625	702	756	793	771
647	712	757	793	771
14,944	16,083	16,855	17,612	17,127
			(1,278)	(1,278)
15,591	16,794	17,612	17,127	16,620

2028	2029	2030	2031	2032
354	714	1,251	1,188	1,348
883	896	888	872	854
19,904	19,904	19,541	19,226	18,732



2028	2029	2030	2031	2032
(354)	(714)	(1,251)	(1,188)	(1,348)
33.45	(182)			
1,023	1,044	1,042	1,033	1,021
20,803	20,951	20,743	20,588	20,262
898.48	1046.63	1201.44	1362.46	1529.65



2028	2029	2030	2031	2032

-1278	-1278	-1278	-1278	-1278
16,620	16,090	15,537	14,958	14,354
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
748	724	699	673	646
748	724	699	673	646
16,620	16,090	15,537	14,958	14,354
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
16,090	15,537	14,958	14,354	13,722

2033	2034	2035	2036	2037
1,419	1,901	2,087	2,128	2,062
830	791	736	673	607
18,143	17,033	15,682	14,227	12,773

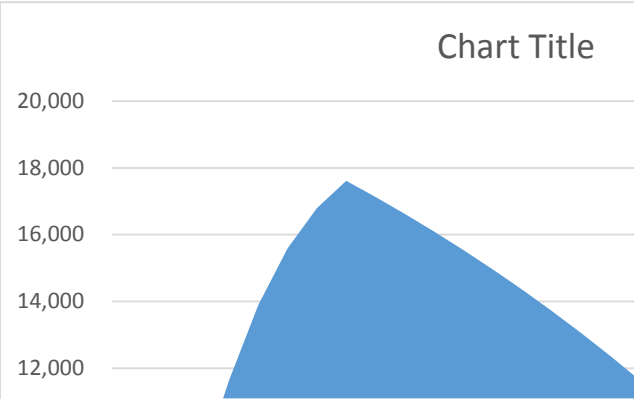


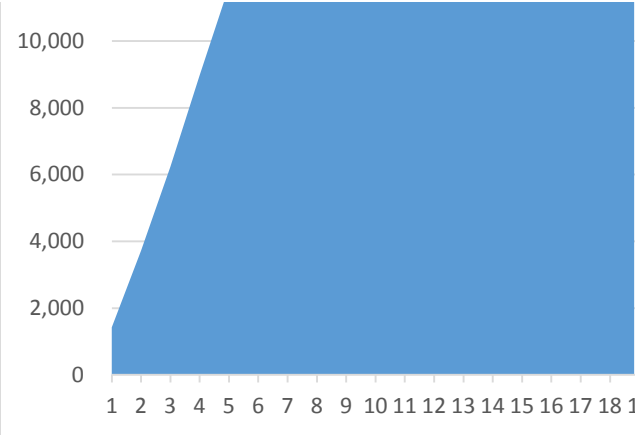
2033	2034	2035	2036	2037
(1,419)	(1,901)	(2,087)	(2,128)	(2,062)
1,003	969	916	855	792
19,845	18,913	17,743	16,470	15,200
1702.65	1880.16	2060.46	2242.82	2427.07



2033	2034	2035	2036	2037

-1278	-1278	-1278	-1278	-1278
13,722	13,062	12,372	11,651	10,897
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
617	588	557	524	490
617	588	557	524	490
13,722	13,062	12,372	11,651	10,897
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
13,062	12,372	11,651	10,897	10,110





2038	2039	2040	2041	2042
2,099	1,796	1,527	1,392	1,379
540	475	420	372	326
11,214	9,893	8,786	7,766	6,713

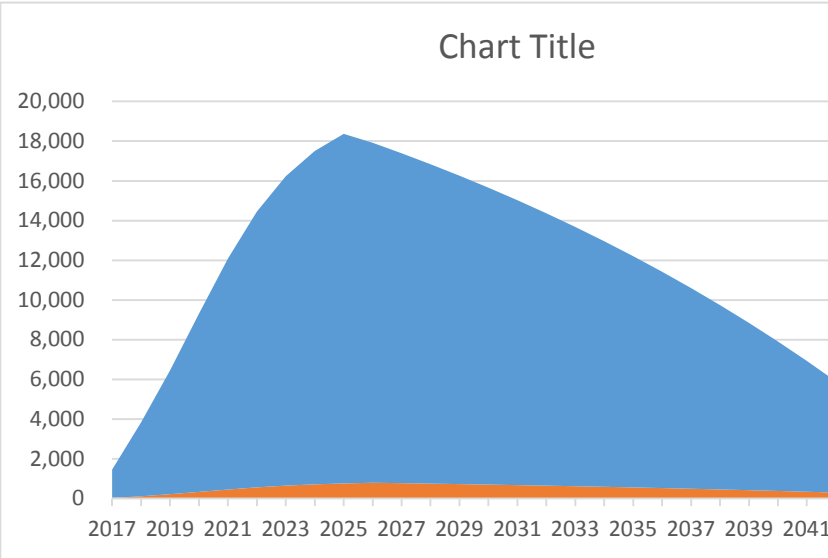


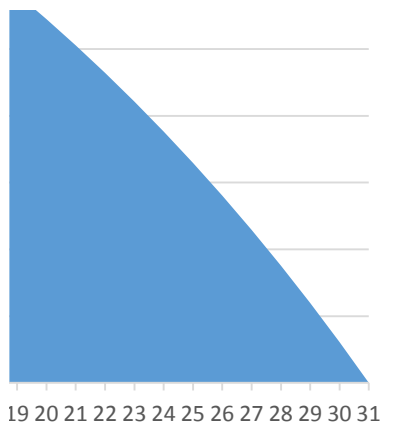
2038	2039	2040	2041	2042
(2,099)	(1,796)	(1,527)	(1,392)	(1,379)
726	663	612	568	526
13,827	12,694	11,779	10,955	10,102
2613.03	2801.15	2992.70	3188.61	3389.25



2038	2039	2040	2041	2042

-1278	-1278	-1278	-1278	-1278
10,110	9,287	8,427	7,529	6,590
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
455	418	379	339	297
455	418	379	339	297
10,110	9,287	8,427	7,529	6,590
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
9,287	8,427	7,529	6,590	5,609





2043	2044	2045	2046	2047
1,310	1,341	1,357	1,526	2,034
279	231	179	121	45
5,682	4,571	3,394	1,989	0

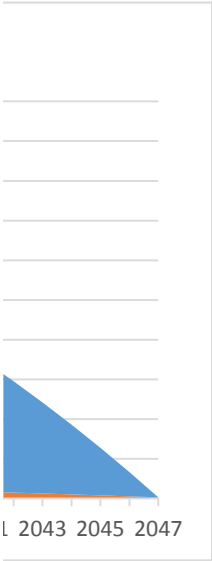


2043	2044	2045	2046	2047
(1,310)	(1,341)	(1,357)	(1,526)	(2,034)
484	441	395	341	267
9,277	8,377	7,415	6,230	4,464
3594.84	3805.48	4021.06	4241.07	4463.66



2043	2044	2045	2046	2047	2048	2049

-1278	-1278	-1278	-1278	-1278	-1278	-1278
5,609	4,584	3,512	2,393	1,223	0	(1,278)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
252	206	158	108	55	0	(57)
252	206	158	108	55	0	(57)
5,609	4,584	3,512	2,393	1,223	0	(1,278)
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
4,584	3,512	2,393	1,223	0	(1,278)	(2,613)



2050	2051	2052	2053	2054	2055	2056	2057	2058

-1278	-1278	-1278	-1278	-1278	-1278	-1278	-1278	-1278
(2,613)	(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(118)	(180)	(246)	(315)	(386)	(461)	(539)	(621)	(707)
(118)	(180)	(246)	(315)	(386)	(461)	(539)	(621)	(707)
(2,613)	(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)
(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)	(1,278)
(4,008)	(5,466)	(6,990)	(8,582)	(10,246)	(11,985)	(13,802)	(15,700)	(17,685)

2059

2060

2061

2062

2063

2064

2065

-1278	-1278
(17,685)	(19,758)
0	0
0	0
0	0
(796)	(889)
(796)	(889)
(17,685)	(19,758)
(1,278)	(1,278)
(19,758)	(21,925)

Instructions: An updated projection of the annual cost of the refinancing portion of the Fa

Please contact Matt Gurham (mgurham@fao-on.org) if assistance is required.

Actual and Projected Annual Global Adjustment (GA) Deferral and Repayment Amount Cash Flows

<i>\$ millions</i>
IESO forecast Global Adjustment cost *
Global Adjustment payment from ratepayer **

* Represents total GA prior to OFHP based on IESO's forecast of total GA for all customers (2017-203

** Represents total OFHP costs recovered from consumers, including deferral of GA and recovery of

Provincial Actual and Projected Fair Hydro Plan Debt

<i>\$ millions</i>
Amount borrowed/paid-back in given year***
Interest*** on accumulated debt from previous year
Accumulated Debt

***Values represent deferral of GA costs and recovery of principal.

****Interest is calculated based on the average debt balance for the year and a 5 per cent interest r
This data was used to inform the Minister's letter to OPG.

OPG Actual and Projected Fair Hydro Plan Debt

<i>\$ million</i>
Amount borrowed/paid-back in given year
Interest on accumulated debt from previous year
Accumulated Debt

Equity Injection Comparisons

Revised Annual Borrowings

Equity Injection (44%)

Revised Equity Injections - Fiscalized
EFB Equity Injection Calculation based on FAA (September 28 2017 Letter)
Variance

IOD Comparisons

Revised Equity Injections - Fiscalized

OEP forecast as of Feb 6, 2018

Interest Rate Forecast

IOD

2017-18

2018-19

2019-20

2020-21

Total Estimated IOD Impact

EFB Equity Injection Calculation based on FAA (September 28 2017 Letter)

OEP forecast as of Feb 6, 2018

Interest Rate Forecast

IOD

2017-18

2018-19

2019-20

2020-21

Total Estimated IOD Impact

Variance in IOD Impacts

air Hydro Plan.

2017	2018	2019	2020	2021	2022	2023
10,078	10,144	10,801	10,576	9,671	9,471	8,733
8,682	7,955	8,505	8,162	7,467	7,771	7,683

5) which informed the 2017 LTEP, converted by the Ministry from \$2017 to \$nominal by assuming 2% CPI principal, interest and fees.

2017	2018	2019	2020	2021	2022	2023
-1,448	-2,322	-2,553	-2,808	-2,740	-2,363	-1,819
52	133	257	394	536	663	769
1,448	3,770	6,323	9,131	11,871	14,234	16,053

ate over the 30-year life of the program, and includes associated fees.

2017	2018	2019	2020	2021	2022	2023

2017	2018	2019	2020	2021	2022	2023
1,448	2,322	2,553	2,808	2,740	2,363	1,819
637	1022	1123	1235	1206	1040	800

2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
893	1047	1151	1228	1164	980	748
853	979	1023	1035	911	675	402
40	69	128	193	253	305	346

2017-18	2018-19	2019-20	2020-21
893	1,047	1,151	1,228
growing Rate	OEP	OEP	20-Year Average
2.4%	3.4%	4.0%	4.4%

11	21	21	21
	18	35	35
		23	46
			27
11	39	80	130

853	979	1,023	1,035
growing Rate	OEP	OEP	20-Year Average
2.4%	3.4%	4.0%	4.4%

10	20	20	20
	16	33	33
		21	41
			23
10	37	74	117

0	2	6	13

2024	2025	2026	2027	2028	2029	2030
9,917	8,924	9,908	10,169	10,300	9,978	9,472
9,425	8,924	9,908	10,169	11,297	11,009	10,877

and extrapolated post-2035 based on the average rate of change between 2026-2035.

2024	2025	2026	2027	2028	2029	2030
-1,342	-907	-954	-1,004	-33	0	385
850	907	954	1,004	1,030	1,031	1,021
17,395	18,301	19,255	20,259	20,292	20,292	19,907

2024	2025	2026	2027	2028	2029	2030

2024	2025	2026	2027	2028	2029	2030
1,342	907	954	1,004	33	0	-385
590	399	420	442	15	0	-169

2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
542	404	425	335	11	-42	-164
152	-51	-112	-159	-270	-444	-604
390	455	537	494	281	402	440

2031	2032	2033	2034	2035	2036	2037
8,449	8,344	7,445	6,252	4,771	4,417	4,089
9,789	9,840	9,009	8,291	6,988	6,666	6,262

2031	2032	2033	2034	2035	2036	2037
337	515	611	1,131	1,372	1,477	1,476
1,003	981	952	908	845	772	697
19,570	19,055	18,444	17,313	15,941	14,464	12,988

2031	2032	2033	2034	2035	2036	2037

2031	2032	2033	2034	2035	2036	2037
-337	-515	-611	-1,131	-1,372	-1,477	-1,476
-148	-227	-269	-498	-604	-650	-650

2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
-168	-237	-326	-524	-615	-650	-661
-609	-664	-745	-913	-977	-980	-960
442	427	419	389	362	330	299

2038	2039	2040	2041	2042	2043	2044
3,785	3,504	3,244	3,003	2,780	2,574	2,383
5,985	5,392	4,855	4,474	4,230	3,948	3,780

2038	2039	2040	2041	2042	2043	2044
1,580	1,343	1,128	1,041	1,075	1,053	1,132
620	545	483	429	375	321	265
11,408	10,065	8,937	7,895	6,821	5,768	4,636

2038	2039	2040	2041	2042	2043	2044

2038	2039	2040	2041	2042	2043	2044
-1,580	-1,343	-1,128	-1,041	-1,075	-1,053	-1,132
-695	-591	-496	-458	-473	-463	-498

2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45
-669	-567	-487	-462	-470	-472	-505
-930	-801	-695	-646	-629	-608	-615
261	234	208	184	159	137	110

2045	2046	2047	2048
2,206	2,042	1,891	1,750
3,611	3,608	3,952	1,750

2045	2046	2047	2048
1,199	1,427	2,010	0
206	139	51	0
3,437	2,010	0	0

2045	2046	2047	2048

2045	2046	2047	2048
-1,199	-1,427	-2,010	0
-528	-628	-885	0

2045-46	2046-47	2047-48
-553	-692	-663
-637	-748	-675
85	56	11

Actual and Projected Annual Global Adjustment (GA) Deferral and Repayment

<i>\$ millions</i>	2017	2018
IESO forecast Global A	10,078	10,144
Global Adjustment paid	8,682	7,955

* Represents total GA prior to OFHP based on IESO's forecast of total GA for a

** Represents total OFHP costs recovered from consumers, including deferral

Deferral	1,396	2,189
	52	133
Annual Borrowings	1,448	2,322
TOTAL	1,448	3,770

0.03719145	0.060789592
0.035857845	0.035294613
0.03719145	0.036585899
0.0358578446	0.0510000000
0.0371914498	0.0537407798
0.0371914498	0.0523345305

5%

Recalculation	1,396	2,189
	52	130
	1,448	2,319
	1,448	3,768

nt Amount Cash Flows

2019	2020	2021	2022
10,801	10,576	9,671	9,471
8,505	8,162	7,467	7,771

ll customers (2017-2035) which informed the 2017 LTEP, converted by the Ministry from \$2017 to \$nominal by of GA and recovery of principal, interest and fees.

2,296	2,414	2,204	1,700
257	394	536	663
2,553	2,808	2,740	2,363
6,323	9,131	11,871	14,234

0.112122144	0.163279846	0.242946991	0.390032973
0.040704571	0.043159126	0.045114332	0.046583166
0.042431736	0.045105856	0.047245794	0.048859181
0.0510000000	0.0510000000	0.0510000000	0.0508000000
0.0537407798	0.0537407798	0.0537407798	0.0535187526
0.0523345305	0.0523345305	0.0523345305	0.0521239483
	0.050837963		

2,296	2,414	2,204	1,700
252	386	524	651
2,548	2,799	2,728	2,351
6,315	9,115	11,843	14,194

2023	2024	2025	2026
8,733	9,917	8,924	9,908
7,683	9,425	8,924	9,908

/ assuming 2% CPI and extrapolated post-2035 based on the average rate of change between 2026-2035.

1,050	492	0	0
769	850	907	954
1,819	1,342	907	954
16,053	17,395	18,301	19,255
0.73265484	1.72677531	#DIV/0!	#DIV/0!
0.047921434	0.048841011	0.049541642	0.049541642
0.050333487	0.051348946	0.052123948	0.052123948
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483
1,050	492	0	0
755	833	888	934
1,805	1,325	888	934
15,999	17,324	18,212	19,146

2027	2028	2029	2030
10,169	10,300	9,978	9,472
10,169	11,297	11,009	10,877

0	-997	-1,031	-1,406
1,004	1,030	1,031	1,021
1,004	33	0	-385
20,259	20,292	20,292	19,907
#DIV/0!	-1.033303874	-1	-0.726329513
0.052123948	0.053472634	0.053518753	0.054063854
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483
0	-997	-1,031	-1,406
982	1007	1006	995
982	10	-25	-410
20,128	20,138	20,113	19,703

2031	2032	2033	2034
8,449	8,344	7,445	6,252
9,789	9,840	9,009	8,291

-1,340	-1,496	-1,564	-2,039
1,003	981	952	908
-337	-515	-611	-1,131
19,570	19,055	18,444	17,313

-0.748423197	-0.655724615	-0.609140601

0.054004521	0.054281378	0.054453742	0.055363212
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

-1,340	-1,496	-1,564	-2,039
976	953	924	879
-364	-543	-640	-1,160
19,339	18,796	18,156	16,996

2035	2036	2037	2038
4,771	4,417	4,089	3,785
6,988	6,666	6,262	5,985

-2,217	-2,249	-2,173	-2,200
845	772	697	620
-1,372	-1,477	-1,476	-1,580
15,941	14,464	12,988	11,408

0.055951526			
0.0508000000	0.0508000000	0.0508000000	0.0508000000
0.0535187526	0.0535187526	0.0535187526	0.0535187526
0.0521239483	0.0521239483	0.0521239483	0.0521239483

-2,217	-2,249	-2,173	-2,200
815	742	667	589
-1,402	-1,507	-1,507	-1,611
15,594	14,087	12,580	10,968

2039	2040	2041	2042
3,504	3,244	3,003	2,780
5,392	4,855	4,474	4,230

-1,888	-1,611	-1,471	-1,450
545	483	429	375
-1,343	-1,128	-1,041	-1,075
10,065	8,937	7,895	6,821

0.0508000000	0.0508000000	0.0510000000	0.0510000000
0.0535187526	0.0535187526	0.0537407798	0.0537407798
0.0521239483	0.0521239483	0.0523345305	0.0523345305

-1,888	-1,611	-1,471	-1,450
514	451	395	340
-1,374	-1,160	-1,076	-1,110
9,595	8,434	7,358	6,249

2043	2044	2045	2046
2,574	2,383	2,206	2,042
3,948	3,780	3,611	3,608

-1,374	-1,397	-1,405	-1,565
321	265	206	139
-1,053	-1,132	-1,199	-1,427
5,768	4,636	3,437	2,010

0.0510000000	0.0510000000	0.0510000000	0.0510000000
0.0537407798	0.0537407798	0.0537407798	0.0537407798
0.0523345305	0.0523345305	0.0523345305	0.0523345305

-1,374	-1,397	-1,405	-1,565
285	229	169	101
-1,088	-1,168	-1,236	-1,464
5,160	3,992	2,756	1,291

2047	2048
1,891	1,750
3,952	1,750

-2,062	0
51	0
-2,010	0
0	0

0.0510000000	0.0000000000
0.0537407798	0.0000000000
0.0523345305	0.0000000000

-2,062	0
13	-39
-2,048	-39
-757	-796

Interest Calculation	
Interest Rate:	3.1200%
Year Interest Payments Stop:	2043
Total Interest Paid - Positive:	8,540
Net Interest Paid to 2047	7,887

NOTE: Calculations do not match En

Weighted Average Borrowing	
Tranche A - Senior Debt	51% FHT:
Tranche B - Sub Debt	39% OPG via Province
Tranche C - Jr. Sub Debt	10% OPG via Province & Cap Mkts
WEIGHTED AVERAGE:	

	Interest Rate	Total Interest Paid - Positive
Original Borrowing Rates:	4.50%	16,589
FHT Borrowing:	3.357%	9,584
Provincial Borrowing:	3.12%	8,540
Weighted Avg Borrowing:	4.017%	13,138

Difference In Interest Charges	
	Total Interest Paid - Positive
Provincial vs Weighted Avg Borrowing:	4,598
Provincial vs FHT Borrowing:	1,044

ergy's methodology exactly in Developing FAA/RA. Subject to updates and refinemeni

ng Calculation:	
3.357%	Source: Debt Issuance per QP Briefing
4.50%	Source: Financing Plan Table 3
5.50%	Source: Financing Plan Table 3
4.02%	

Net Interest Paid to 2047
16,589
9,069
7,887
13,008

Net Interest Paid to 2047
5,121
1,182

t.

Table 3:

Tranche and Debt Type	Risk Profile	Source
Tranche A Senior Debt	Lowest Risk	Capital Market
Tranche B Subordinated Debt	Medium Risk	OPG via Province
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province OPG via Capital Markets
Weighted Average		

Indicative Pricing by Debt Tranche

	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
ce	39%	A	4.5%	AA – A	4.0% – 4.5%
ce	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
il	5%				
			4.0%		3.75% – 4.5%

OFHP debt and interest projections, by calendar year

\$ nominal million

FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*

Interest Paid

Closing Debt Balance

*Delta between IESO GA cost forecast and Total GA paid by ratepayer, inclusive of interest

Notes: model assumes interest rate of 4.5% and data is exclusive of OPG financing fees

Date: October 19, 2017

Source: Ministry of Energy

Recreation by EFB

FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*

(Exactly from above)

Interest Paid (attempted recreation) [EFB Calculation]

Closing Debt Balance [EFB Calculation]

Check

Alternate Method of Calculation 1) Assuming equal monthly payments and interest (compounded monthly)

FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*

(Exactly from above)

Interest Paid - In Year

Total Borrowing - In Year

Interest Paid - Previous Year Closing Balance

Closing Debt Balance

Alternate Method of Calculation 2) All borrowing at beginning of the year, compounded yearly

FAA w/ Interest, Fees, Readjustment Principle Recovery, Readjustment*

(Exactly from above)

Interest Paid - In Year

Total Borrowing - In Year

Interest Paid - Previous Year Closing Balance

Closing Debt Balance

	2017	2018	2019	2020
-	1,396 -	2,189 -	2,296 -	2,414
	32	116	225	343
	1,428	3,733.573	6,254	9,011

	Interest:		3.12%	Year Interest Total Interest Net Interest
	2017	2018	2019	2020
	(1,396)	(2,189)	(2,296)	(2,414)
	22	80	154	233
	1,428	3,697	6,147	8,793
	0.00	-36.18	-107.33	-217.73

	Interest:		4.50%	
	2017	2018	2019	2020
	(1,396)	(2,189)	(2,296)	(2,414)
	13	46	48	50
	1,409	2,235	2,344	2,464
	0	65	170	286
	1,409	3,709	6,223	8,973

	Interest:		4.50%	
	2017	2018	2019	2020
	(1,396)	(2,189)	(2,296)	(2,414)
	31	99	103	109
	1,428	2,288	2,399	2,522
	0	64	170	286
	1,428	3,779	6,348	9,156

	2021		2022		2023		2024		2025
-	2,204	-	1,700	-	1,050	-	492	-	61
	466		577		667		733		778
	11,681		13,958		15,674		16,899		17,677

4.50% 16589
3.357% 9069
3.12% 7887

st Payments Stop: 2043
est Paid - Positive: 8,540
rest Paid to 2047: 7,887

	2021		2022		2023		2024		2025
	(2,204)		(1,700)		(1,050)		(492)		(61)
	314		385		441		480		504
	11,311		13,397		14,888		15,859		16,424

-369.67 -561.09 -786.58 -1039.83 -1253.5732

	2021		2022		2023		2024		2025
	(2,204)		(1,700)		(1,050)		(492)		(61)
	46		36		22		10		1
	2,250		1,736		1,072		502		62
	412		535		639		717		773
	11,635		13,905		15,616		16,836		17,671

	2021		2022		2023		2024		2025
	(2,204)		(1,700)		(1,050)		(492)		(61)
	99		76		47		22		3
	2,304		1,777		1,097		514		63
	412		534		638		716		772
	11,872		14,183		15,918		17,148		17,983

2026	2027	2028	2029	2030
79	129	354	714	1,251
814	851	883	896	888
18,491	19,342	19,904	19,904	19,541

2026	2027	2028	2029	2030
79	129	354	714	1,251
519	532	542	542	528
16,863	17,266	17,454	17,282	16,559
-1627.58	-2075.81	-2450.67	-2622.75	-2982.37

2026	2027	2028	2029	2030
79	129	354	714	1,251
(2)	(3)	(7)	(15)	(26)
(81)	(132)	(362)	(729)	(1,277)
812	845	878	902	910
18,402	19,115	19,631	19,804	19,437

2026	2027	2028	2029	2030
79	129	354	714	1,251
(4)	(6)	(16)	(32)	(56)
(83)	(135)	(370)	(746)	(1,307)
809	842	874	896	903
18,710	19,416	19,920	20,070	19,666

2031	2032	2033	2034	2035
1,188	1,348	1,419	1,901	2,087
872	854	830	791	736
19,226	18,732	18,143	17,033	15,682

2031	2032	2033	2034	2035
1,188	1,348	1,419	1,901	2,087
506	482	453	415	365
15,877	15,011	14,045	12,560	10,838
-3348.62	-3720.82	-4097.21	-4473.63	-4844.74

2031	2032	2033	2034	2035
1,188	1,348	1,419	1,901	2,087
(25)	(28)	(30)	(40)	(44)
(1,213)	(1,376)	(1,449)	(1,940)	(2,131)
893	878	855	828	777
19,118	18,620	18,027	16,914	15,561

2031	2032	2033	2034	2035
1,188	1,348	1,419	1,901	2,087
(53)	(61)	(64)	(86)	(94)
(1,241)	(1,408)	(1,483)	(1,986)	(2,181)
885	869	845	816	763
19,310	18,771	18,132	16,962	15,544

2036	2037	2038	2039	2040
2,128	2,062	2,099	1,796	1,527
673	607	540	475	420
14,227	12,773	11,214	9,893	8,786

2036	2037	2038	2039	2040
2,128	2,062	2,099	1,796	1,527
310	253	195	140	92
9,019	7,210	5,307	3,651	2,215
-5207.93	-5562.25	-5906.67	-6241.82	-6570.57

2036	2037	2038	2039	2040
2,128	2,062	2,099	1,796	1,527
(44)	(43)	(44)	(38)	(32)
(2,173)	(2,105)	(2,142)	(1,833)	(1,559)
715	648	581	509	448
14,103	12,646	11,084	9,760	8,649

2036	2037	2038	2039	2040
2,128	2,062	2,099	1,796	1,527
(96)	(93)	(94)	(81)	(69)
(2,224)	(2,155)	(2,193)	(1,877)	(1,596)
699	631	562	489	426
14,020	12,496	10,865	9,477	8,308

2041	2042	2043	2044	2045
1,392	1,379	1,310	1,341	1,357
372	326	279	231	179
7,766	6,713	5,682	4,571	3,394

2041	2042	2043	2044	2045
1,392	1,379	1,310	1,341	1,357
48	6	(37)	(80)	(125)
871	(502)	(1,849)	(3,270)	(4,752)
-6894.84	-7214.86	-7530.40	-7840.94	-8145.29

2041	2042	2043	2044	2045
1,392	1,379	1,310	1,341	1,357
(29)	(29)	(27)	(28)	(28)
(1,421)	(1,408)	(1,337)	(1,369)	(1,385)
397	350	302	254	203
7,625	6,568	5,532	4,417	3,235

2041	2042	2043	2044	2045
1,392	1,379	1,310	1,341	1,357
(63)	(62)	(59)	(60)	(61)
(1,455)	(1,441)	(1,369)	(1,401)	(1,418)
374	325	275	226	173
7,227	6,111	5,017	3,842	2,597

2046	2047	Peak Debt
1,526	2,034	
121	45	16,619
1,989	0	19,904
		8,733

2046	2047		
1,526	2,034		
(175)	(237)	7,887	Interest Co.
(6,452)	(8,723)	17,454	3.12
-8441.18	-8722.65		

2046	2047	
1,526	2,034	
(32)	(42)	
(1,558)	(2,076)	
149	84	
1,826	(166)	19,804

2046	2047	
1,526	2,034	
(69)	(92)	
(1,595)	(2,125)	
117	50	
1,119	(956)	20,070

sts



Ontario Power Generation

Update on Fair Hydro Plan Financing Program

November 29, 2017

ONTARIO**POWER**
GENERATION



Context

- Provide an update for Ministers on Ontario Power Generation (OPG) financing activities
- Update on discussions with rating agencies
- Outline of next steps



Rating Agencies' Status

OPG has engaged the following rating agencies (i.e., DBRS and Moody's) to provide credit ratings on the Fair Hydro Trust's (FHT) senior debt (i.e., Tranche A) and subordinated debt (i.e., Tranche B and Tranche C)

Completed To-Date:

- OPG has provided drafts of all requisite program agreements for rating agencies' review
- Several meetings have occurred between management, financial advisors and rating agencies to review key elements of the program
- Initial comments received from rating agencies have been addressed
- The Independent Electricity System Operator (IESO) servicing review was conducted with rating agencies, dealers, and OPG

Outstanding:

- DBRS and Moody's to complete review of final documentation and provide preliminary credit ratings for all debt tranches by **week of December 11th**



Short-Term Warehouse

OPG is securing an \$800 million warehouse facility agreement with a bank syndicate comprising of CIBC, RBC and Goldman Sachs under a 2-year committed term

Proposed December 2017 Transaction

- Regulatory asset available to be purchased from IESO is expected to be approximately \$1.2 billion, representing accumulated deferrals up to the end of November 2017
- OPG advises that better market access for term debt is expected in January 2018. The FHT will fund the December transaction using the following sources:
 - Short-term warehousing facility for 51% or ~\$610 million;
 - Province's equity injection for 44% or ~\$530 million; and
 - OPG's contribution for 5% or ~\$60 million



Indicative Marketing Timeline

The following outlines the proposed timeline for funding the initial regulatory asset purchase from IESO:

Activity	Indicative Timeline
Term Debt Rating Agencies' Preliminary Assessment	Week of December 11, 2017
Warehouse Facility Closing & Funding	December 18, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018
Marketing & Roadshow (Toronto, Montreal & Vancouver)	Week of January 15, 2018
Term Debt Pricing	Week of January 22, 2018
Term Debt Closing	T+5 of Pricing Date



Next Steps

- Finalize Change of Law Protection Agreement by week of December 4, 2017
- Complete rating agencies' process by week of December 11, 2017
- Fund equity contribution and close short-term warehouse on December 18, 2017 for purchase of regulatory asset from IESO
- Market and close long-term debt in January 2018

**SENIOR SERIES [2017-1] SUPPLEMENTAL
INDENTURE**

between

FAIR HYDRO TRUST

by

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

and

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

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

**AND PROVIDING FOR THE ISSUE OF
●% SENIOR NOTES DUE ●, SERIES 2017-1
OF FAIR HYDRO TRUST**

Made as of ●, 2017

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●% SENIOR NOTES DUE ●, SERIES 2017-1

THIS SENIOR NOTES SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”) is made as of ●, 2017, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the “**Issuer**”) and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the “**Indenture Trustee**”).

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

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Senior Notes designated as the ●% Senior Notes due ●, Series 2017-1 (the “**Series 2017-1 Senior Notes**”);

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

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

- (a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.
- (b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are

applicable only in respect of the Series 2017-1 Senior Notes and not the Senior Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2 SERIES 2017-1 SENIOR NOTES

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Senior Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the “**●% Senior Notes due ●, Series 2017-1.**”

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes will:

- (a) be designated as set out in Section 2.1;
- (b) be Senior Notes and will not be subordinated to any other Class, Series or Tranche of Notes;
- (c) not be divided into Tranches;
- (d) **[be unlimited in principal amount but initially][NTD: To be discussed]** will have an aggregate principal amount of \$**●** to be issued on the date hereof, provided that the principal amount of the Series 2017-1 Senior Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 Senior Notes or any holder of any Notes of any other Class, Series or Tranche;
- (e) be denominated in Canadian dollars;
- (f) not be listed on any securities exchange;
- (g) be issued in the form of a Global Note;
- (h) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;
- (i) bear interest at a rate of **●%** per annum;
- (j) accrue interest from the later of: (i) **●**, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;

(k) have interest paid in equal semi-annual instalments **[(except the initial interest payment)]** on the Payment Dates occurring in the months of April and October in each year (each, an “**Interest Payment Date**”) commencing with the Payment Date occurring in the month of **[April/October]**, 2018 in respect of the Series 2017-1 Senior Notes issued prior to such date;

(l) mature on, and have ● **[NTD: select a Payment Date]**, as their sole Principal Payment Date;

(m) have ● as their Principal Payment Default Date;

(n) have ● as their Principal Accumulation Date;

(o) have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Date	Principal Accumulation Amount
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Principal Payment Date	\$●

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

(q) **[be redeemable and subject to repurchase as provided in Section 2.6 below]**; and

(r) **[not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture]**.

2.3 Delivery

On the date of issuance of the Series 2017-1 Senior Notes, Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the

certificate representing the Series 2017-1 Senior Notes) will on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 Senior Note as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2017-1 Senior Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 Senior Notes on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2017-1 Senior Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 Senior Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 Senior Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 Senior Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 Senior Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 Senior Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 Senior Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an “**Issuer Indemnified Person**”) from and against any loss, liability, expense, damage or injury

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

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a **"Recipient"**) as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (**"FATCA"**), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the **"AEOI Legislation"**); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called **"Excluded Taxes"**). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

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

2.9 Conditions Precedent to Issuance of Series 2017-1 Senior Notes

On or prior to the initial issuance of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 Senior Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its [**Book-Based System**] for the benefit of the [**Beneficial Holders**] upon receipt by the Indenture Trustee of a [**Written Order**].

(d) The Series 2017-1 Senior Notes will have been rated [**AAA(sp)**] by DBRS and [**Aaa(sp)**] by Moody's.

2.10 Acceleration Events

[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.]

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

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

3.2 Survival

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

ARTICLE 4 GENERAL

4.1 Acceptance of Trust

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

4.2 Confirmation of Trust Indenture

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

4.3 Indenture Trustee Not Bound to Act

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

4.4 Successor and Assigns

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

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2017-1 Noteholders) hereby acknowledges and agrees that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section [7.11] (Payments Held in Trust), Section [8.12] (Limitation on Suits), Sections [7.04 and 8.13] (Payment Priorities), Section [8.14] (Limited Recourse) and Section [16.01] (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any

such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

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

4.10 Governing Law and Attornment

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

4.11 Expenses

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

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust

activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

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

4.15 Delivery of Executed Copies

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

[signature page follows]

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

FAIR HYDRO TRUST, by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

“AEOI Legislation” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Excluded Taxes” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“FATCA” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Government of Canada Yield” on any date means, in respect of the Series 2017-1 Senior Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● **[par call date]** (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 Senior Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

“Interest Payment Date” has the meaning specified in Section 2.2(l) of this Supplemental Indenture.

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

“Recipient” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Requisite Series 2017-1 Noteholders” means Series 2017-1 Noteholders holding, in aggregate, at least [50]% of the Series 2017-1 Senior Notes then Outstanding.

“Series 2017-1 Canada Yield Price” means a price equal to the price of the Series 2017-1 Senior Notes calculated to provide a yield to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%.

“Series 2017-1 Noteholder” means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

“Series 2017-1 Redemption Date” means a date fixed for redemption of the Series 2017-1 Senior Notes pursuant to Section ● of the Trust Indenture.

“Series 2017-1 Senior Note” means any one of the Series 2017-1 Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

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

“Termination Event” means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B
[FORM OF NOTE]
SERIES 2017-1 SENIOR NOTE



**SUBORDINATED SERIES [2017-1]
SUPPLEMENTAL INDENTURE**

between

FAIR HYDRO TRUST

by

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

and

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

SUPPLEMENTING THE TRUST INDENTURE DATED AS OF ●, 2017

**AND PROVIDING FOR THE ISSUE OF
●% SUBORDINATED NOTES DUE ●, SERIES 2017-1
OF FAIR HYDRO TRUST**

Made as of ●, 2017

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●% SUBORDINATED NOTES DUE ●, SERIES 2017-1

THIS SUBORDINATED NOTES SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”) is made as of ●, 2017, between **Computershare Trust Company of Canada** in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (the “**Issuer**”) and **BNY Trust Company of Canada**, a trust company existing under the laws of Canada (the “**Indenture Trustee**”).

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

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of a Series of Subordinated Notes designated as the ●% Subordinated Notes due ●, Series 2017-1 (the “**Series 2017-1 Subordinated Notes**”);

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

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

- (a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.
- (b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article I of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental

Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Subordinated Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2 SERIES 2017-1 SUBORDINATED NOTES

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Subordinated Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the “**●%Subordinated Notes due ●, Series 2017-1.**”

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes will:

- (a) be designated as set out in Section 2.1;
- (b) be Subordinated Notes and will not be subordinated to any other Class, Series or Tranche of Notes other than all Senior Notes;
- (c) not be divided into Tranches;
- (d) **[be unlimited in principal amount but initially][NTD: To be discussed]** will have an aggregate principal amount of \$**●** to be issued on the date hereof, provided that the principal amount of the Series 2017-1 Subordinated Notes may be increased after the date hereof without the consent of any holder of Series 2017-1 Subordinated Notes or any holder of any Notes of any other Class, Series or Tranche;
- (e) be denominated in Canadian dollars;
- (f) not be listed on any securities exchange;
- (g) be issued in the form of a Global Note; **[NTD: To be confirmed.]**
- (h) be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Indenture Trustee;
- (i) bear interest at a rate of **●%** per annum;

- (j) accrue interest from the later of: (i) ●, 2017 and (ii) the last Interest Payment Date on which interest has been paid or made available for payment on the Notes;
- (k) have interest paid in equal semi-annual instalments **[(except the initial interest payment)]** on the Payment Dates occurring in the months of April and October in each year (each, an “**Interest Payment Date**”) commencing with the Payment Date occurring in the month of **[April/October]**, 2018 in respect of the Series 2017-1 Subordinated Notes issued prior to such date;
- (l) mature on, and have ● **[NTD: select a Payment Date]**, as their sole Principal Payment Date;
- (m) have ● as their Principal Payment Default Date;
- (n) have ● as their Principal Accumulation Date;
- (o) have the following Principal Accumulation Amounts for each Payment Date on or after their Principal Accumulation Date:

Payment Date	Principal Accumulation Amount
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Payment Date in the months of ●	\$●
Principal Payment Date	\$●

- (p) have a Record Date for each Interest Payment Date that is the last day of the calendar month preceding each Interest Payment Date;
- (q) **[be redeemable and subject to repurchase as provided in Section 2.6 below];** and
- (r) **[not be subject to defeasance and covenant defeasance as contemplated by Section ● of the Trust Indenture] [be subject to defeasance and covenant defeasance in accordance with Section ● of the Trust Indenture].**

2.3 Delivery

On the date of issuance of the Series 2017-1 Subordinated Notes, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture.

2.4 Payment of Interest

The Issuer (except in case of payment of interest at maturity or as otherwise provided in the Trust Indenture, at which time payment of interest, less any taxes required by law to be deducted or withheld, may at the option of the Issuer be made upon presentation and surrender of the certificate representing the Series 2017-1 Subordinated Notes) will on each Interest Payment Date, make payment of such interest, less any taxes required by law to be deducted or withheld, by wire transfer to each holder of a Series 2017-1 Subordinated Note as of the Record Date. The payment by such wire transfer will satisfy and discharge the liability for interest upon such Series 2017-1 Subordinated Note to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid). Notwithstanding the foregoing, the Issuer, at its option, may cause the amount payable in respect of interest to be paid to a Noteholder in any other manner reasonably acceptable to the Indenture Trustee.

2.5 Payment of Principal

By 10:00 a.m. (Toronto time) on the Principal Payment Due Date, the Issuer will deposit with the Indenture Trustee all amounts required to be paid to the order of holders of Series 2017-1 Subordinated Notes on maturity on account of principal. The deposit of such funds will satisfy and discharge the liability for principal of the Series 2017-1 Subordinated Notes to the extent of the sum represented thereby.

2.6 [Redemption and Repurchase

[NTD: Customary redemption/repurchase mechanics to be added to Trust Indenture as per OPG MTN indenture. Redemption below contemplates a par call]

(a) At its option, at any time prior to ● **[par call date]**, the Issuer may redeem the Series 2017-1 Subordinated Notes in whole or, from time to time, in part, on payment of a redemption price equal to the greater of (i) the Series 2017-1 Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the Series 2017-1 Redemption Date. At any time on or after ● **[par call date]**, the Issuer may redeem the Series 2017-1 Subordinated Notes in whole or, from time to time, in part, on payment of a redemption price equal to par, together with accrued and unpaid interest to the Series 2017-1 Redemption Date. The Issuer will give notice of redemption not more than 60 days and not less than 15 days before the date fixed for redemption. Less than all of the Series 2017-1 Subordinated Notes may be redeemed, if so redeemed, in accordance with Section ● of the Trust Indenture.

(b) The Issuer will be entitled at any time and from time to time to purchase for cancellation Series 2017-1 Subordinated Notes in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract at any price. Series 2017-1 Subordinated Notes that are so purchased will be cancelled and will not be re-issued. Less than all of the Series 2017-1 Subordinated Notes may be purchased, if so purchased, for cancellation in accordance with Section ● of the Trust Indenture.

(c) The Series 2017-1 Subordinated Notes will not be subject to repurchase pursuant to any sinking fund or any other required repayment provisions].

2.7 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and each Series 2017-1 Noteholder and each of their respective officers, directors, agents and employees (each, an **“Issuer Indemnified Person”**) from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys’ fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 2.7 shall be made solely from funds available pursuant to Section [7.04] or Section [8.13] of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

2.8 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a **“Recipient”**) as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (**“FATCA”**), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the **“AEOI Legislation”**); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called **“Excluded Taxes”**). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such

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

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

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

2.9 Conditions Precedent to Issuance of Series 2017-1 Subordinated Notes

On or prior to the initial issuance of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Series 2017-1 Subordinated Notes shall have been duly issued in accordance with the Trust Indenture and the Global Note representing the Series 2017-1 Subordinated Notes shall have been executed and delivered to the Depository (or as it may direct) for deposit into its **[Book-Based System]** for the benefit of the **[Beneficial Holders]** upon receipt by the Indenture Trustee of a **[Written Order]**. **[NTD: To be confirmed.]**

2.10 Acceleration Events

[NTD: Add series level acceleration provisions as discussed between Oslers and Torys.]

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and each Series 2017-1 Noteholder that:

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

3.2 Survival

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

ARTICLE 4 GENERAL

4.1 Acceptance of Trust

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

4.2 Confirmation of Trust Indenture

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

4.3 Indenture Trustee Not Bound to Act

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

4.4 Successor and Assigns

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

4.5 Specified Creditors

The Indenture Trustee (on behalf of the Series 2017-1 Noteholders) hereby acknowledges and agrees that the Series 2017-1 Noteholders are Specified Creditors under the Trust Indenture and their entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section [7.11] (Payments Held in Trust), Section [8.12] (Limitation on Suits), Sections [7.04 and 8.13] (Payment Priorities), Section [8.14] (Limited Recourse) and Section [16.01] (No Petition).

4.6 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

4.7 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture.

4.8 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any

such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

4.9 Entire Agreement

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

4.10 Governing Law and Attornment

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

4.11 Expenses

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

4.12 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

4.13 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust

activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 4.13, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 4.13 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

4.14 Execution in Counterparts

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

4.15 Delivery of Executed Copies

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

[signature page follows]

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

FAIR HYDRO TRUST by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

“AEOI Legislation” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Excluded Taxes” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“FATCA” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Government of Canada Yield” on any date means, in respect of the Series 2017-1 Subordinated Notes to be redeemed, the yield from the Series 2017-1 Redemption Date to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to ● **[par call date]** (calculated from the Series 2017-1 Redemption Date) of the Series 2017-1 Subordinated Notes, such yield being the average of the yields provided by two major Canadian investment dealers specified by the Issuer.

“Interest Payment Date” has the meaning specified in Section 2.2(l) of this Supplemental Indenture.

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

“Recipient” has the meaning specified in Section 2.8(a) of this Supplemental Indenture.

“Requisite Series 2017-1 Noteholders” means Series 2017-1 Noteholders holding, in aggregate, at least [50]% of the Series 2017-1 Subordinated Notes then Outstanding.

“Series 2017-1 Canada Yield Price” means a price equal to the price of the Series 2017-1 Subordinated Notes calculated to provide a yield to ● **[par call date]**, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the Series 2017-1 Redemption Date specified in the notice of redemption delivered pursuant to Section ● of the Trust Indenture, plus ●%.

“Series 2017-1 Noteholder” means a Person in whose name a Series 2017-1 Subordinated Note is registered in the Note Register.

“Series 2017-1 Redemption Date” means a date fixed for redemption of the Series 2017-1 Subordinated Notes pursuant to Section ● of the Trust Indenture.

“Series 2017-1 Subordinated Note” means any one of the Series 2017-1 Subordinated Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Schedule B.

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

“Termination Event” means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

SCHEDULE B
[FORM OF NOTE]
SERIES 2017-1 SUBORDINATED NOTE



**SENIOR SERIES 2017-1
SUPPLEMENTAL INDENTURE**

between

FAIR HYDRO TRUST

by

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

and

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

and

●

as Administrative Agent

and

**CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS**

Made as of ●, 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the “**Issuer Trustee**”), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the “**Issuer**”), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the “**Indenture Trustee**”), ●, in its capacity as the administrative agent for the Purchaser Groups (the “**Administrative Agent**”), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust

Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2 PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the **“Floating Rate Variable Funding Senior Notes, Series 2017-1.”**

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

- (a) will be designated as set out in Section 2.1;
- (b) will be Senior Notes;
- (c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;
- (d) will not be issued in Classes or Tranches;
- (e) will be denominated in Canadian dollars;
- (f) will not be listed on any securities exchange;
- (g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;
- (h) will be issued as definitive notes and will not be in the form of a Global Note;
- (i) will be issued as Registered Notes and will be without coupons;
- (j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;
- (k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

- (l) will have each Payment Date as an Interest Payment Date;
- (m) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;
- (n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and
- (o) will have no minimum issue amount.

ARTICLE 3

NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) **Initial Purchases.** Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) **Maximum Purchaser Group Principal Amounts.** Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to **[December 15, 2017]**, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the “**Closing Date**”); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the “**Series 2017-1 Initial Principal Amount**”); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an “**Increase**”), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the “**Increase Date**” applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with

a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an “**Increase Notice**”) no later than [3:00 p.m.] (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an “**Increase Amount**”), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a “**Transfer Increase**”) or is in respect of a Refinancing (a “**Refinancing Increase**”). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group’s Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

- (i) such Purchaser Group’s Commitment Percentage of such Increase Amount is (A) equal to \$1,000,000 or more, or (B) if less than \$1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and
- (ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than [5:00 p.m.] (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group’s Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the

related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its “liquidity coverage ratio” calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a “**Delayed Funding Notice**”) on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the “**Delayed Amount**”) on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the “**Delayed Funding Date**”) rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer’s delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a “**Delayed Funding Purchaser Group**”) shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a “**Non-Delayed Funding Purchaser Group**”) to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group’s proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:

- (i) As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; **[NTD: OPG would like to understand what this account is needed for]** and
- (ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be

subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.08(a)(i) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Notes pursuant to Sections 7.04(e)(iii) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:

- (i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and
- (ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount

for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Notes. On each Principal Payment Date in respect of the Series 2017-1 Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections **7.04(e)(iv)(A)**, **7.06(a)** or **8.13(d)** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer indemnified person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04]** or **[8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding

Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a “**Recipient**”) as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the “**AEOI Legislation**”); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called “**Excluded Taxes**”). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii)

relating to any period ending, and of which such Affected Party has had knowledge, more than ninety (90) days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4

CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

(b) The Administrative Agent and each of the Funding Agents shall have received:

- (i) executed copies of the Fee Letter, this Supplemental Indenture and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;
- (ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

- (iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;
- (iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;
- (v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;
- (vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);
- (vii) the following Opinions of Counsel:
 - (A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;
 - (B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;
 - (C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and
 - (D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;
- (viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

- (ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.
- (c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.
- (d) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.
- (e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.
- (f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).
- (g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

- (a) the Administrative Agent shall have received an Increase Notice;
- (b) no Termination Event shall have occurred or would occur after giving effect to such Increase;
- (c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;
- (d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; and
- (e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

- (a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;
- (b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;
- (d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;
- (e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and
- (f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

- (a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;
- (b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other “person” (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of \$150,000; and
- (c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 – Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6 COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than twenty-five percent (25)% of the aggregate outstanding principal amount of all Issuer Funding Obligations. **[NTD: OPG has discussed with Dealers.]**

(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders, such consent not to be unreasonably withheld or delayed.

(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

[NTD: OPG understands that there will be another covenant that following Principal Payment Due Date proceeds of any financings must be applied to repay these notes in priority to any other use of funds.]

ARTICLE 7 AGENTS

7.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a “notice of a Termination Event”. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms “Group Bank,” and “Funding Agent” shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such

Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and

investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8 GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal

Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would

have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an **“Acquiring Purchaser Group”**) pursuant to a transfer supplement, substantially in the form of Exhibit I (the **“Purchaser Group Supplement”**), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities (**“Non-Conduit Purchaser Participants”**) participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser’s obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a **“Transferee”**) and any prospective Transferee any and all financial information in such Group Bank’s or Non-Conduit Purchaser’s possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group

Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

8.2 Waiver

Without limiting the requirements of Section [11.02] of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article [15] of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:



8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section [7.06] (Payments Held in Trust), Section [8.12] (Limitation on Suits), Sections [7.04 and 8.13] (Payment Priorities), Section [8.14] (Limited Recourse) and Section [16.01] (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a “due diligence” defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group’s or the Administrative Agent’s obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody’s and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as

required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

8.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer

Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.13 Execution in Counterparts

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

8.14 Delivery of Executed Copies

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

[signature page follows]

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

[FAIR HYDRO TRUST], as Issuer

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

● **TRUST COMPANY OF CANADA**, as
Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

●,

By: _____
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

“Acceleration Event” means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable [pursuant to Section [8.02] of the Trust Indenture]. [NTD: Consider if it is worth having a separate definition of Acceleration Event for this Series aside from what happens under 8.02 of the Trust Indenture.]

“Administrative Agent” shall have the meaning specified in the preamble to this Supplemental Indenture.

“AEOI Legislation” has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

“Affected Party” means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

“Applicable Margin” is defined in the Fee Letter.

“Authorized Officer” means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director or officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer’s knowledge and familiarity with the particular subject).

“Bail-In Action” shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Basel III” means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled “A Global Regulatory Framework for More Resilient Banks and Banking Systems” developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

“Billing Period” has the meaning specified in the Master Transfer and Servicing Agreement; [NTD: Consider if this can be replaced with Interest Period wherever it occurs.]

“CDOR” means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers’ acceptances for a 1 month period appearing on the “Reuters Screen CDOR Page” (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers’ acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

“Closing Date” is defined in Section 3.3(a).

“Code” is defined in Section 3.10(a).

“Commercial Paper” means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

“Commitment” means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

“Commitment Expiry Date” means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

“Commitment Fee” is defined in Section 3.6(b).

“Commitment Fee Rate” is defined in the Fee Letter.

“Commitment Percentage” means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group’s Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

“Conduit Assignee” means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).

“CP Conduit Funded Amount” means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

“CP Conduit Purchaser” means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

“CP Conduit Purchaser Group” means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

“CP Conduit Rating Agencies” means, with respect to any CP Conduit Purchaser, each of DBRS and Moody’s and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

“CP Rate” means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

“Decrease” is defined in Section 3.4(a).

“Decrease Amount” is defined in Section 3.4(a).

“Deferrable Increase Notice” means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

“Delayed Amount” is defined in Section 3.3(e).

“Delayed Funding Date” is defined in Section 3.3(e).

“Delayed Funding Notice” is defined in Section 3.3(e).

“Delayed Funding Purchaser Group” is defined in Section 3.3(e).

“Delayed Funding Reimbursement Amount” means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-

Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

“EEA Financial Institution” shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

“EEA Resolution Authority” shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means a financial institution having short-term debt ratings of at least “A-1” from Standard & Poor’s and “P-1” from Moody’s.

“EU Bail-In Legislation Schedule” shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Excluded Taxes” shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

“FATCA” has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

“Fee Letter” means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

“Funding Agent” means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

“Group Bank” means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).

“Group Bank Funded Amount” means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

“Group Bank Participants” is defined in Section 8.1(d).

“Group Monthly Fees and Other Amounts” shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

“Group Monthly Interest” means, with respect to each Interest Period and:

- (a) any CP Conduit Purchaser Group, the sum of:
 - (i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus
 - (ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus
 - (iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.
- (b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

“Increase” is defined in Section 3.3(a).

“Increase Amount” is defined in Section 3.3(a).

“Increase Date” is defined in Section 3.3(a).

“Increase Notice” is defined in Section 3.3(a).

“Interest Period” means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

“Issuer indemnified person” is defined in Section 3.8.

“Issuer indemnified person” is defined in Section 3.8

“Maximum Purchaser Group Principal Amount” means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

“Monthly Interest” shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

“Monthly Fees and Other Amounts” shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.

“Monthly Interest Shortfall” means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

“Monthly Fees and Other Amounts Shortfall” means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

“Non-Conduit Purchaser” means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a

Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

“Non-Conduit Purchaser Group” means a Non-Conduit Purchaser.

“Non-Conduit Purchaser Participants” is defined in Section 8.1(f).

“Non-Deferrable Draw Amount” means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) \$100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [NTD: OPG would like an aggregate Non-Deferrable Draw Amount of \$100 million at all times.]

“Non-Deferrable Increase Notice” means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

“Non-Delayed Funding Purchaser Group” is defined in Section 3.3(f).

“Optional Termination Date” is defined in Section 3.4.

“Optional Termination Notice” is defined in Section 3.4.

“Prime Rate” means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its “prime rate.”

“Principal Accumulation Amount” means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) \$●, and (y) the Series 2017-1 Principal Amount.

“Principal Accumulation Date” means the Payment Date occurring in the month of ●, [2021].

“Principal Payment Amount” means, in respect of the Series 2017-1 Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

“Pro Rata Share” means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

“Program Support Provider” means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser’s securitization program.

“Purchaser Group” means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

“Purchaser Group Increase Amount” means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group’s Commitment Percentage of the Increase Amount, if any, on such Business Day.

“Purchaser Group Principal Amount” means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group’s Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

“Purchaser Group Supplement” is defined in Section 8.1(e).

“Rating Agency Condition” means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS,

or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

“Recipient” has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

“Refinancing Increase” is defined in Section 3.3(a).

“Regulatory Change” shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a “Regulatory Change”, regardless of the date enacted, adopted, issued or implemented.

“Related Non-Conduit Purchaser” means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

“Related Purchaser Group” means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

“Requisite Series 2017-1 Noteholders” means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

“Scheduled Commitment Expiry Date” means, ●, as such date may be extended in accordance with Section 3.5(c). [NTD: two years out.]

“Series 2017-1 Initial Principal Amount” is defined in Section 3.3(a).

“Series 2017-1 Maximum Principal Amount” means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

“Series 2017-1 Noteholder” means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

“Series 2017-1 Principal Amount” means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

“Series 2017-1 Principal Payment Due Date” means ●. [NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?]

“Series 2017-1 Principal Payment Default Date” means ●. [NTD: the “cure period” number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]

“Series 2017-1 Senior Note” means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

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

“Support Facility” shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

“Termination Event” means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

“Transfer Increase” is defined in Section 3.3(a).

“Transfer Supplement” is defined in Section 8.1(c).

“Transferee” is defined in Section 8.1(g).

“Trust Indenture” means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

“Write-Down and Conversion Powers” shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to

time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B
[FORM OF NOTE]
SERIES 2017-1 SENIOR NOTE



SCHEDULE C
FORM OF INCREASE NOTICE



SCHEDULE D
FORM OF DECREASE NOTICE



SCHEDULE E
PURCHASER GROUPS

●

**SUBORDINATED SERIES 2017-1
SUPPLEMENTAL INDENTURE**

between

FAIR HYDRO TRUST

by

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

and

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

and

**ONTARIO POWER GENERATION INC.
as Purchaser**

Made as of ●, 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the “**Issuer Trustee**”), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the “**Issuer**”), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the “**Indenture Trustee**”), and Ontario Power Generation Inc., in its capacity as the purchaser (the “**Purchaser**”);

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ■, in its capacity as the administrative agent for certain purchaser groups (the “**Administrative Agent**”), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the “**Senior Series 2017-1 Supplemental Indenture**”), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the “**Series 2017-1 Senior Notes**”);

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2 PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the **“Floating Rate Variable Funding Subordinated Notes, Series 2017-1.”**

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

- (a) will be designated as set out in Section 2.1;
- (b) will be Subordinated Notes;
- (c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;
- (d) will not be issued in Classes or Tranches;
- (e) will be denominated in Canadian dollars;
- (f) will not be listed on any securities exchange;
- (g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;
- (h) will be issued as definitive notes and will not be in the form of a Global Note;
- (i) will be issued as Registered Notes and will be without coupons;

- (j) will be Subordinated Notes and will not be subordinated to any other Series, Class or Tranche of Notes other than all Senior Notes;
- (k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;
- (l) will have each Payment Date as an Interest Payment Date;
- (m) will have a Principal Payment Date that is the Series 2017-1 Senior Principal Payment Date;
- (n) will have a Principal Payment Default Date that is the Series 2017-1 Subordinated Principal Payment Default Date; and
- (o) will have no minimum issue amount.

ARTICLE 3 NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

- (a) **Initial Purchase.** Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).
- (b) **Series 2017-1 Maximum Subordinated Principal Amount.** Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

- (a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount.
- (b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

- (a) (i) On any Business Day prior to **[December 15, 2017]**, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1

Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the “**Closing Date**”) by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section **[3.3(a)]** of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be increased by an amount not to exceed the product of (i) the Series 2017-1 Senior Increase on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the “**Increase Date**” applicable to such Increase) and (ii) **[ninety-eight]** percent **[(98)]%** (an “**Increase**”) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an “**Increase Notice**”) no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an “**Increase Amount**”), (y) state whether the Increase is to fund a Transfer (a “**Transfer Increase**”) or is in respect of a Refinancing (a “**Refinancing Increase**”), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section **[3.3(a)]** of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder unless after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount is not exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) in the following order of priority:

- (i) **[As to an amount equal to ●% of the amounts paid to pursuant to Section 3.3(a), by deposit to the Program Cash Reserve Account; and] [NTD: Discuss how this account is to be funded.]**
- (ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

(a) On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount not to exceed the product of (i) the Series 2017-1 Senior Decrease on such Business Day, and (ii) **[ninety-eight]** percent **[(98)]%** (a “**Decrease**”). Each

Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the “**Decrease Date**” applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a “**Decrease Notice**”) no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a “**Decrease Amount**”), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section **[3.4]** of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section **[3.5(a)]** of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Subordinated Maximum Principal Amount shall be automatically increased by an amount equal to **[ninety-eight]** percent **[(98)]%** of such aggregate increase to the Maximum Purchaser Group Principal Amounts pursuant to Section **[3.5(a)]** of the Senior Series 2017-1 Supplemental Indenture. **[NTD: Consider whether in senior warehouse supplemental if section 5.01 CPs must be met and new note issued. We are missing mechanic if so.]**

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section **[3.5(b)]** of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased by an amount equal to **[ninety-eight]** percent **[(98)]%** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section **[3.5(b)]** of the Senior Series 2017-1 Supplemental Indenture. **[NTD: Consider if new note to be issued. We are missing mechanic if so.]**

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section **[7.04(e)(ix)]** of the Trust Indenture and shall be payable pursuant to Sections **[7.05(b), 7.08(a)(ii) or 8.13(c)]** of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections **[7.04(e)(ix) or 8.13(h)]** of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Subordinated Notes:

- (i) for each Payment Date before the Principal Accumulation Date or an Acceleration Event, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date;
 - (ii) for each Payment Date on or after the Principal Accumulation Date prior to the occurrence of an Acceleration Event, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date; and
 - (iii) for each Payment Date following the occurrence of an Acceleration Event, the Principal Accumulation Amount shall be the Series 2017-1 Subordinated Principal Amount.
- (b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections [7.04(e)(x), 7.06(b) or 8.13(i)] of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an “**Issuer Indemnified Person**”) from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys’ fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section [7.04] or [8.13] of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

- (a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income),

franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a “**Recipient**”) as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the “**AEOI Legislation**”); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called “**Excluded Taxes**”). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser of a written request therefore to the Issuer, the Purchaser shall be entitled to be paid, such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than ninety (90) days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge

or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

3.11 Acceleration Events

[NTD: To be conformed with Senior Supplemental Indenture.]

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

(b) The Purchaser shall have received:

- (i) executed copies of this Supplemental Indenture and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;
- (ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;
- (iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;
- (iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;
- (v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

- (vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(b)(vi);
 - (vii) the following Opinions of Counsel:
 - (A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;
 - (B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;
 - (C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and
 - (D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement and the Change of Law Process Agreement in form and substance satisfactory to the Purchaser;
 - (viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and
 - (ix) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.
- (c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.
- (d) The Series 2017-1 Subordinated Notes shall have been duly issued in accordance with the Trust Indenture and the Purchaser shall have received its Series 2017-1 Subordinated Note registered in its name or a nominee in a face amount equal to the Series 2017-1 Maximum Principal Subordinated Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

- (a) the Purchaser shall have received an Increase Notice;
- (b) no Termination Event shall have occurred or would occur after giving effect to such Increase; and
- (c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

- (a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;
- (b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;
- (d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;
- (e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and
- (f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

- (a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;
- (b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other “person” (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of \$150,000; and
- (c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 – Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6 COVENANTS

6.1 Covenants of the Issuer

- (a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.
- (b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request.
- (c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.
- (d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not more than forty-nine percent (49)% of the aggregate outstanding principal amount of all Issuer Funding Obligations (excluding Derivative Funding Obligations).

ARTICLE 7 GENERAL

7.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser; and (ii) the Purchaser may, without the prior written consent of the Issuer, assign or transfer any of its rights or obligations under this Supplemental Indenture in the ordinary course of its business and in accordance with applicable law to another Person (each, a “**Transferee**”) pursuant to a transfer supplement, substantially in the form of Exhibit ■ (the “**Transfer Supplement**”).

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser’s possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

7.2 Waiver

Without limiting the requirements of Section [11.02] of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

7.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article [15] of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

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

7.4 No Waiver: Remedies

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

7.5 Entire Agreement

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

7.6 Governing Law and Attornment

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

7.7 Acknowledgment of Trust Indenture and No Proceedings

The Purchaser acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section [7.06] (Payments Held in Trust), Section [8.12] (Limitation on Suits), Sections [7.04 and 8.13] (Payment Priorities), Section [8.14] (Limited Recourse) and Section [16.01] (No Petition).

7.8 Expenses

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

expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

7.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

7.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a “due diligence” defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser’s obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody’s and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory

legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

7.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 7.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 7.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

7.12 Execution in Counterparts

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

7.13 Delivery of Executed Copies

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

[signature page follows]

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

FAIR HYDRO TRUST, as Issuer, by

ONTARIO POWER GENERATION INC.,
not in its individual capacity but solely as
Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.,
as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

“Acceleration Event” means the outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes have been declared or automatically become due and payable pursuant to Section [3.11] of the Senior Series 2017-1 Supplemental Indenture and the outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes have been declared or automatically become due and payable pursuant to Section 3.11.

“Administrative Agent” shall have the meaning specified in the recitals to this Supplemental Indenture.

“AEOI Legislation” has the meaning specified in Section 3.9(a) of this Supplemental Indenture.

“Applicable Margin” means ■.

“Authorized Officer” means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director or officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer’s knowledge and familiarity with the particular subject).

“CDOR” means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers’ acceptances for a 1 month period appearing on the “Reuters Screen CDOR Page” (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers’ acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

“Closing Date” is defined in Section 3.3(a).

“Code” is defined in Section 3.9(a).

“Decrease” is defined in Section 3.4(a).

“Decrease Amount” is defined in Section 3.4(a).

“Excluded Taxes” shall have the meaning specified in Section 3.9(a) of this Supplemental Indenture.

“FATCA” has the meaning specified in Section 3.9(a) of this Supplemental Indenture.

“Increase” is defined in Section 3.3(a).

“Increase Amount” is defined in Section 3.3(a).

“Increase Date” is defined in Section 3.3(a).

“Increase Notice” is defined in Section 3.3(a).

“Indenture Trustee” shall have the meaning specified in the recitals to this Supplemental Indenture.

“Interest Period” means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

“Issuer” shall have the meaning specified in the recitals to this Supplemental Indenture.

“Issuer Indemnified Person” is defined in Section 3.8.

“Issuer Trustee” shall have the meaning specified in the recitals to this Supplemental Indenture.

“Maximum Purchaser Group Principal Amount” shall have the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

“Monthly Interest” shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

“Monthly Interest Shortfall” means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

“Monthly Other Amounts” shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 7.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

“Monthly Other Amounts Shortfall” means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

“Prime Rate” means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its “prime rate.”

“Principal Accumulation Amount” means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) \$●, and (y) the Series 2017-1 Subordinated Principal Amount.

“Principal Accumulation Date” means the Payment Date occurring in the month of ●, [2021].

“Principal Payment Amount” means, in respect of the Series 2017-1 Subordinated Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Subordinated Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Subordinated Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Subordinated Principal Payment Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

“Purchaser” shall have the meaning specified in the recitals to this Supplemental Indenture.

“Recipient” has the meaning specified in Section 3.9(a) of this Supplemental Indenture.

“Refinancing Increase” is defined in Section 3.3(a).

“Regulatory Change” shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not

having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a “Regulatory Change”, regardless of the date enacted, adopted, issued or implemented.

“**Senior Series 2017-1 Supplemental Indenture**” shall have the meaning specified in the recitals to this Supplemental Indenture.

“**Series 2017-1 Initial Senior Principal Amount**” means the “Series 2017-1 Initial Principal Amount” as defined in the Senior Series 2017-1 Supplemental Indenture.

“**Series 2017-1 Initial Subordinated Principal Amount**” means an amount equal to **[ninety-eight percent (98%)]** of the Series 2017-1 Initial Senior Principal Amount

“**Series 2017-1 Maximum Senior Principal Amount**” means the “Series 2017-1 Maximum Principal Amount” as defined in the Senior Series 2017-1 Supplemental Indenture.

“**Series 2017-1 Maximum Subordinated Principal Amount**” means an amount equal to **[ninety-eight percent (98%)]** of the Series 2017-1 Maximum Senior Principal Amount.

“**Series 2017-1 Senior Decrease**” means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

“**Series 2017-1 Senior Increase**” means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

“**Series 2017-1 Senior Notes**” shall have the meaning specified in the recitals to this Supplemental Indenture.

“**Series 2017-1 Senior Principal Payment Date**” means ■. **[NTD: the date upon which the Series 2017-1 Senior Notes become due and payable.]**

“**Series 2017-1 Subordinated Note**” means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

“**Series 2017-1 Subordinated Principal Amount**” means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

“**Series 2017-1 Subordinated Principal Payment Default Date**” means ■. **[NTD: likely later than the Series 2017-1 Senior Principal Payment Default Date.]**

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

“Support Facility” shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

“Termination Event” means any Acceleration Event or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event.

“Transfer Increase” is defined in Section 3.3(a).

“Transfer Supplement” is defined in Section 7.1(a).

“Transferee” is defined in Section 7.1(b).

“Trust Indenture” means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

SCHEDULE B
[FORM OF NOTE]
SERIES 2017-1 SUBORDINATED NOTE



SCHEDULE C
FORM OF INCREASE NOTICE



SCHEDULE D
FORM OF DECREASE NOTICE

