TERMS OF REFERENCE - DRAFT

EXPERT INVESTMENT ADVISORY COMMITTEE

1.0 RATIONALE FOR COMMITTEE

1.1 The government has committed to broadening the ownership of Hydro One Inc, through an initial public offering of approximately 15 per cent. The Province intends to reduce this ownership to 40% over the coming years.

1.2 Post-IPO, the Province will require robust and ongoing management of its shares to decide when is the best time to sell, which is the best approach for divestment and in some cases, to whom to sell. The Committee will also help the Province ensure it is effectively monitoring and responding to items within the governance agreement and registration rights agreement.

2.0 MANDATE

2.1 The Committee will be responsible for assisting the Minister of Energy in his role as shareholder of Hydro One Inc.

3.0 ROLES AND RESPONSIBILITIES

3.1 The Committee will be comprised of between three to five members.

3.2 The Chair will also be responsible for ensuring the efficient and effective management and operations of the Committee.

3.3 The Committee's investment and financial responsibilities will include:

i. Establishing and maintaining an investment policy including purchase, sale and retention of shares
ii. Developing an annual share sale plan / targets based on direction from the Minister and Treasury Board and executing future offerings based on the approved plan
iii. Leveraging connections to potential investors in order to facilitate and enable efficient and value-maximizing transactions
iv. Providing advice to the Minister on current market conditions in support of share sale plan
v. Monitoring progress to share sale targets

vi. During transactions acting as a pricing committee in order to provide oversight and advice to the Minister regarding appropriate share sale price ranges, fee structures and other transaction related activities

vii. Making recommendations to the Minister on any other matters affecting the investment of assets which the Secretariat determines should be brought to the attention of the Minister

viii. Selecting investment advisors, managers and providers of other investment-related services, as required

3.4 The Committee's Governance responsibilities will include:

ix. Monitoring compliance with legislation and governance agreements

x. Exercising shareholder rights including voting/proxy, participating in shareholders' meetings, nomination and election of directors

xi. Performing such other functions as may be assigned from time to time by the Minister

3.5 For details on the Governance Agreement and Registration Rights Agreement, please see attached drafts.

4.0 PROCESS

4.1 The Ministry of Energy will provide the committee with the Governance Agreement and Registration Rights Agreement, the Confidentiality Agreement and the Controls policy (Attached) and will expect the committee to be responsive to these documents,

4.2 The Committee will meet with the Minister of Energy regularly to discuss progress on its mandate.

4.3 Committee member(s) are appointed by the Lieutenant Governor in Council and serve at pleasure for up to three year terms.

4.4 Committee member(s) will provide no less than thirty days' notice if they wish to step down from the committee.

5.0 CONFLICT OF INTEREST

5.1 The Ministry will engage the Public Appointments Secretariat to initiate the appointment process, and will work with PAS and the preferred candidates to facilitate all facets of the process, including the applicants conflict of interest declaration and personnel screening check

6.0 CONFIDENTIALITY

6.1 Confidential information includes any information that is not known to the general public and may include business research, strategic objectives, and unpublished financial information. Confidential information also includes discussions and advice provided by the Members to the Minister of Energy, or any other government staff are also considered confidential information.

6.2 Members are required to maintain the confidentiality of confidential information at all times, including after the conclusion of their Committee duties, and must refrain from any secondary use of the information, unless the information has been publicly released.

6.3 Members shall use the highest standards of ethics in handling all information disclosed to them throughout the advisory process, and shall comply with the Confidentiality Agreement and Controls document.

Attachments:

1. Governance Agreement (draft)
2. Registration Rights Agreement (draft)
3. Confidentiality Agreement (draft)
4. Controls Document (draft)