

GLOBAL DIRECTION AND RECEIPT

March 22, 2018

Reference is made to the trust indenture made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Trust Indenture**") between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust, as issuer (the "**Issuer**"), and BNY Trust Company of Canada, as indenture trustee. Capitalized terms used but not defined in this global direction and receipt have their respective meanings as set forth in the Trust Indenture.

I. Introduction

On the date hereof, the Issuer intends to purchase an Investment Interest by means of the Transfer of a regulatory asset (as defined in the Act) from the Independent Electricity System Operator (the "**IESO**") to the Issuer in the amount of \$460,000,000 pursuant to a Transfer Notice dated March 9, 2018 (the "**March 2018 Investment Interest**").

On the date hereof, the Issuer intends to increase the aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Senior Notes, Series 2017-1**") by C\$234,600,000, increase the aggregate principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Subordinated Notes, Series 2017-1**") by C\$179,400,000, and increase the aggregate principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Junior Subordinated Notes, Series 2017-1**") by C\$46,000,000 and together with the Senior Notes, Series 2017-1 and the Subordinated Notes, Series 2017-1, the "**Notes**") for aggregate gross proceeds of C\$460,000,000 pursuant to Supplemental Indentures dated December 21, 2017.

The Issuer intends to use the proceeds of the increase of the Notes to purchase the March 2018 Investment Interest.

Each of the Issuer, the IESO, Royal Bank of Canada and Canadian Imperial Bank of Commerce (collectively, the "**Funding Agents**"), Goldman Sachs Bank USA (the "**Non-Conduit Purchaser**") and together with the Funding Agents, the "**Senior Warehouse Lenders**") and Ontario Power Generation Inc. ("**OPG**") hereby acknowledge and agree that this global direction and receipt describes the agreed upon payments and contains all directions and receipts in connection with the transactions described above.

II. **Directions**

The applicable parties hereby irrevocably and unconditionally direct the following:

A. **Purchase of Investment Asset**

1. The IESO directs the Issuer to transfer \$460,000,000, representing the purchase price payable by the Issuer to the IESO in connection with the purchase of the March 2018 Investment Interest in accordance with the wire instructions in Schedule A.

B. **Payment of Purchase Price**

The following payments shall be made in the following order:

Increase of Junior Subordinated Notes (Warehouse)

2. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs OPG to transfer C\$46,000,000, representing the proceeds from the increase of the Junior Subordinated Notes, Series 2017-1 (the "**Warehouse Junior Subordinated Note Proceeds**"), to the IESO in accordance with the wire instructions in Schedule A.

Increase of Subordinated Notes (Warehouse)

3. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs OPG to transfer C\$179,400,000, representing the proceeds from the increase of the Subordinated Notes, Series 2017-1 (the "**Warehouse Subordinated Note Proceeds**"), to the IESO in accordance with the wire instructions in Schedule A.

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Increase of Senior Notes (Warehouse)

Following confirmation that the wire transfers in 2 and 3 have been sent:

4. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs each of the Senior Warehouse Lenders, on behalf of its respective Purchaser Group, to transfer the amount set out opposite to such Senior Warehouse Lender's Purchaser Group (such amounts totaling C\$234,600,000 and representing the proceeds from the increase in the Warehouse Notes, (the "**Warehouse Senior Note Proceeds**") to the IESO in accordance with the wire instructions in Schedule A:

<u>Purchaser Group</u>	<u>Amount</u>
Canadian Imperial Bank of Commerce	C\$95,306,250
Royal Bank of Canada	C\$95,306,250
Goldman Sachs Bank USA	C\$43,987,500
Total	C\$234,600,000

<u>Purchaser Group</u>	<u>Amount</u>
Canadian Imperial Bank of Commerce	C\$95,306,250
Royal Bank of Canada	C\$95,306,250
Goldman Sachs Bank USA	C\$43,987,500
Total	C\$234,600,000

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III. Receipts

5. The IESO hereby acknowledges receipt of the Warehouse Senior Note Proceeds, Warehouse Subordinated Note Proceeds and Warehouse Junior Subordinated Note Proceeds in full satisfaction of the purchase price of the March 2018 Investment Interest.

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IN WITNESS HEREOF the parties have executed this global direction and receipt as of this _____ day of March, 2018.

**ONTARIO POWER GENERATION INC., as
manager of FAIR HYDRO TRUST**

By: _____
Name: John Lee
Title: Vice President - Treasurer

By: _____
Name: Lubna Ladak
Title: Vice President, Fair Hydro Plan

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

By: _____
Name:
Title:

By: _____
Name:
Title:

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ONTARIO POWER GENERATION INC.

By: _____
Name: John Lee
Title: Vice President – Treasurer

By: _____
Name: Lubna Ladak
Title: Vice President, Fair Hydro Plan

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**CANADIAN IMPERIAL BANK OF
COMMERCE**

By: _____
Name:
Title:

By: _____
Name:
Title:

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ROYAL BANK OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

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GOLDMAN SACHS BANK USA

By: _____
Name:
Title:

By: _____
Name:
Title:

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SCHEDULE B

Bank Account Name: Independent Electricity System Operator
Beneficiary Address: 1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Bank: TD Bank
Bank Address: 55 King Street West, Toronto, ON, M5K 1A2
Bank ID: 0004
Transit: 10202
Account: 5509622
Swift: TDOMCATTOR

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