

TRANSFER NOTICE

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

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 21, 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: \$1,179,000,000.00

Purchase Price: \$1,179,000,000.00

Closing Date: December 21, 2017

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.

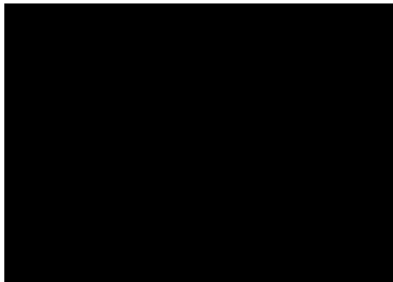
The closing shall take place at 9:00 a.m. (Toronto time) on the Closing Date referred to above at the offices of Torys LLP, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to:

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



DATED this 21st day of December, 2017.

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR
as Transferor**

By: K. Marshall
Name: Kim Marshall
Title: VP, Corporate Services & CFO

By: _____
Name: _____
Title: _____

The undersigned hereby accepts the foregoing offer.

DATED this 21st day of December, 2017.

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

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR
as Transferor**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

The undersigned hereby accepts the foregoing offer.

DATED this 21st day of December, 2017.

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

By: 
Name: Ken Hartwick
Title: Chief Financial Officer and
Senior Vice President

By: 
Name: Tom Lee
Title: Vice President - Treasurer