Message

From: LADAK Lubna -TREASURY [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3A66883DDAEE446BBDB6B34D4A0C3D09-LADAK LUBNA]
Sent: 08/02/2018 3:49:42 PM
To: LEE John -TREASURY [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d90f1615d4b447b88eb7f6ace866e2dc-LEE John -T]; HARTWICK Ken -FINANCE [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=78bfb008d47f44ffa1344207e5da97ce-HARTWICK Ke]
CC: LIU Sheen -TREASURY [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=21da9a09c3dd433e9257aaddacb69968-LIU Sheen -]; RYFA Ken -TREASURY [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=1e2b17c94c4c4cfb8755a2cf58a30b13-RYFA Ken -F]
Subject: Mike Manning Feedback on Sub Debt Spreads
Attachments: FHT OFA Mike Manning re Submordinated Debt Pricing Protocol 2018 02 08.pdf

Mike doesn't agree with the Province should paying a commission on sub debt because OPG will essentially be paying a commission to itself. I explained that we are doing this deal on commercial terms, so commissions should be included in the cost of all debt. We're not paying a commission on Junior subdebt (to raise our 5% financing), but not the Subdebt. In addition, the Province paid a commission to finance the equity injection, which should be charged to ratepayers. He disagreed and said the equity injection could have come from their general revenues rather than debt, which would mean taxpayers already paid the commissions. The Province doesn't have the right to approve sub debt pricing, but Mike was very clear that he disagreed with including commissions. Thoughts?

In the future, pricing for subdebt should be done on the same date as senior debt, not two days later as spreads can change by a few bps and the Province doesn't want to hold that risk. He understood we were very busy on Tuesday since this was our first issue, but In the future we should request the spread data on the same date as senior debt, and analyze it afterwards.

Lubna Ladak | VP Treasury - FHP| Ontario Power Generation
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lubna.ladak@opg.com

From: HAHN PARKER Janet -TREASURY
Sent: Thursday, February 08, 2018 1:28 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: Subordinated Debt

Mike,

Please see attached correspondence from Lubna Ladak regarding the Subordinated Debt Pricing Protocol.

FHT OFA Mike Manning re Sub...

Kindly confirm receipt.

Thank you,

Janet Hahn Parker