WAREHOUSE
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 December 21, 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 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, Royal Bank of Canada, 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) 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 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 substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein;

(n) will have a Principal Accumulation Amount for each Payment Date equal to the Principal Payment Amount for such Payment 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 the Closing Date. 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. On each Increase 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 Increase 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 on or prior to December 21, 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 12:00 p.m. (Toronto time) on the second 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 will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes 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) 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 12:00 p.m. (Toronto time) on the third 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 if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) 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 a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

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 (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. 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 12:00 p.m. (Toronto time) on the fifth 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. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

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 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to the Requisite Percentage of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(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 to an amount equal to the Requisite Percentage 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.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

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 five (5) 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)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) 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)(xi), 7.10(b) or 8.13(d) 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 Repayment of Principal

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)(iii), 7.08(b)(iii), 7.10(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 Internal Revenue Code ("**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 (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 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 following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that 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 (B) the twelfth Payment Date following such request.

(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 180 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 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.

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 Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (ii) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee 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, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) 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;

(v) 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(c)(v);

(vi) 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 in form and substance satisfactory to the Purchaser;

(vii) 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

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in 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.

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;

(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;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

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 Trustee and the Issuer are not Non-residents;

(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, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(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.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

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 or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer.

(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 Interest 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.

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 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.

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 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: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

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 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.

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 Purchaser 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 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

8.8 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.

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) 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.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 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 8.11, 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 8.11 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.

8.12 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.

8.13 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.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **ONTARIO POWER GENERATION INC.,** not in its individual capacity but solely as Manager

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

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

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _______________________
Name:
Title:

By: _______________________
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

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

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

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

COMPUTERSHARE TRUST COMPANY OF CANADA, as Issuer Trustee of **FAIR HYDRO TRUST**, by its Manager, **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: Ahmad Adam
Title: Vice-President

By: ____________________________
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: ____________________________
Name:
Title:

By: ____________________________
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of 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).

"**Base Rate**" means, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**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**” is defined 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 the Payment Date in January, 2018.

“**Issuer**” is defined in the recitals to this Supplemental Indenture.

“**Issuer Indemnified Person**” is defined in Section 3.8.

“**Issuer Trustee**” is defined in the recitals to this Supplemental Indenture.

“**Maximum Purchaser Group Principal Amount**” has 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 the Base Rate 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 1.00% per annum.

“**Monthly Other Amounts**” shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; 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 1.00% per annum.

“**Prime Rate**” means the annual rate of interest announced by Royal Bank of Canada 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 Royal Bank of Canada as its “prime rate.”

“**Principal Accumulation Date**” means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

“**Principal Payment Amount**” means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

“**Principal Payment Default Date**” means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

“**Purchaser**” is defined in the recitals to this Supplemental Indenture.

“**Recipient**” is defined in Section 3.9(a).

“**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.

"Requisite Percentage" means the quotient of 39 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(e) an event of default or other event occurs and as a result thereof, all or a portion of the principal amount owing in respect of any other Series of Subordinated Funding Obligations has become, or been declared, due and payable before the scheduled payment date, maturity date or redemption date in respect of such other Series of Subordinated Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**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 the Requisite Percentage 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 the Requisite Percentage 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**" is defined in the recitals to this Supplemental Indenture.

"**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.

"**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.

“**Suspension Notice**” has the meaning specified in the Change of Law Protection Agreement.

“**Termination Event**” means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

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

“**Transferee**” is defined in Section 8.1(b).

“**Trust Indenture**” means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	SERIES 2017-1 MAXIMUM SUBORDINATED PRINCIPAL AMOUNT
No. R-[●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of 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:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: ______________________________
Authorized Signatory

By: ______________________________
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15^{th} day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Subordinated Note shall be made to the registered holder of this Series 2017-1 Subordinated Note.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

The registered holder of this Series 2017-1 Subordinated Note, by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of this Series 2017-1 Subordinated Note and upon all future holders of this Series 2017-1 Subordinated

Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, ___________________, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ________________ ____[1]

Signature Guaranteed:

REGISTRATION PANEL

(No writing on this panel except
by the Note Registrar)

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

TO:	Ontario Power Generation Inc. ("**OPG**")
AND TO:	BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")
RE:	Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Subordinated Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on __________________.

2. The Increase Amount shall be ___________________.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is 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.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of 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:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Subordinated Supplemental Indenture**")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on __________________.

2. The Decrease Amount shall be ___________________.

3. Attached hereto is 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.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of 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:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.