Message

From: GRECO Clara -LAWDIV [/O=OH/OU=CENTER/CN=RECIPIENTS/CN=209115]
Sent: 23/03/2017 8:52:55 AM
To: YAO Anthea -FUNDMGMT [/O=OH/OU=Toronto/cn=Recipients/cn=212022]
Subject: RE: EXTERNAL - FW: equity injection at book value?

Redacted - S/C Priv.

Redacted - S/C Priv.

Redacted - S/C Priv.

Redacted - S/C Priv.

From: John Psinas [mailto:John.Psinas@ofina.on.ca]
Sent: Tuesday, March 21, 2017 4:37 PM
To: Scott Nelms (ENERGY)
Cc: LEE John -TREASURY; Nadine Petsche (MOF); Ken Kandeepan; George Sakura; John Kim; Carlos Yep
Subject: EXTERNAL – FW: equity injection at book value?

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

John, Scott,

The issue of what to value the equity injection per share has come up; at book value or some other determination if there is to be a redeemable/retractable option to them, or whether it is even needed given the Province owns 100%. Can you let me know if OPG and/or MOF has any thoughts on this.

Thanks.

John Psinas, MA, CPA, CA
Manager
Accounting and Financial Reporting
Ontario Financing Authority
14th Flr
1 Dundas St W
Toronto ON M7A1Y7

416-325-8072
john.psinas@ofina.on.ca

From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: Tuesday, March 21, 2017 3:56 PM
To: John Psinas <John.Psinas@ofina.on.ca>
Cc: Bharat Patel (MOF) <Bharat.Patel3@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: FW: equity injection at book value?

Hi John.

Please see Cindy's feedback below. I think it would be wise to include OPG in the conversation. As a minimum, you should include John Lee. Scott Nelms should likely also be involved. N

From: Veinot, Cindy (TBS)
Sent: March-21-17 3:50 PM
To: Petsche, Nadine (TBS)
Cc: Patel, Bharat (TBS)
Subject: RE: equity injection at book value?

Probably needs all parties to be involved.

At the meeting last Thursday there was a comment made that there would be a new class of shares issues as they would be redeemable/retractable -- to essentially enable repayment of the injection. We should understand where that is at re: the design of the new shares.

Cindy

From: Petsche, Nadine (TBS)
Sent: March-21-17 3:47 PM
To: Veinot, Cindy (TBS)
Cc: Patel, Bharat (TBS)
Subject: FW: equity injection at book value?

Cindy,
Any advice? I'm not sure that OPCD should be giving advice on this request. Perhaps OPG should provide input. n

---

From: John Psinas [mailto:John.Psinas@ofina.on.ca]
Sent: March-21-17 3:43 PM
To: Petsche, Nadine (TBS)
Cc: Patel, Bharat (TBS); Kandeepan, Ken (OFA); Sakura, George (OFA); Bozinoski, Robert (OFA)
Subject: FW: equity injection at book value?

Nadine,
We would like OPCD to weigh in what to value the shares for the upcoming electricity relief equity injection. OPG has disclosed that they are authorized to issue an unlimited number of common shares without nominal or par value.

The book value appears to be $20 exactly based on the current number of shares, but we don't know if there were any previous injections that brought the BV to $20 now. Perhaps OPCD would know.

$$\frac{5.126 \text{ B}}{.256300010 \text{ B}} = \$20$$

Some clarification is needed:

1) Is share price needed?
2) If so, what value is to be used? Book value, fair value, etc.

Thanks.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of OPG consists of an unlimited number of common shares (the voting shares of the Company). As at December 31, 2016, OPG had 256,300,010 common shares issued and outstanding, all of which are owned directly by the Province at a stated value of $5,126 million. OPG is authorized to issue an unlimited number of common shares without nominal or par value. Holders of common shares are entitled to one vote per share at meetings of the shareholders of the Company and to receive dividends if, as, and when declared by the Board of Directors of the Company. Holders of common shares would participate, pro rata to their holding of common shares, in any distribution of the assets of the Company upon its liquidation, dissolution, or winding up. Any issue of new shares is subject to the consent of all of OPG's shareholders.

All of the Company's voting securities are held by the Province. Accordingly, the Company is controlled by the Province.

John
