Presale Report

Fair Hydro Trust

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Structure Summary

Class Description [1]	Amount	Coupon	Frequency [2]	Expected Maturity Date	Principal Payment Default Date [3]
Redacted - Commercially Sensitive				May 15, 2038	Redacted - Commercially Sensitive
				May 15, 2038	
				May 15, 2038	

1 Includes the 2018-2 Senior Notes, 2018-2 Subordinated Notes and 2018-2 Junior Subordinated Notes (collectively, the 2018-2 Notes).
2 Payment frequency will become monthly to the extent that the Series 2018-2 Notes are not fully repaid by the Expected Maturity Date.
3 The Principal Payment Default Date is set two years after the Expected Maturity Date of the 2018-2 Notes.

Rating Considerations

Strengths

1. **Repayment by a large and diversified ratepayer base**
2. **Non-bypassability**
3. **Regulated electricity market in Ontario**
4. **True-up mechanism**
5. **Low historical charge-off rates**

Challenges

1. **Change of law**
2. **Moratorium period**
3. **Off-the-grid risk**
4. **Electricity consumption forecast error**
5. **Operational risk**
6. **Repayment after an Event of Default**

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Series 2018-2 Notes

Capital Structure	Size	% of Total Notes	Expected Maturity Date	Principal Payment Default Date	Rating
Redacted - Commercially Sensitive			May 15, 2038	Redacted - Commercially Sensitive	
			May 15, 2038		
			May 15, 2038		

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Notes:
All figures are in Canadian dollars unless otherwise noted.

This report is based on information as of April 18, 2018. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

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