



**THE FOUNDATION  
FOR SECURE  
MARKETS**

**#47307**

**DATE: JULY 16, 2020**

**SUBJECT: TERRAFORM POWER, INC. (ELECTION MERGER) - ANTICIPATED  
ADJUSTMENT  
OPTION SYMBOL: TERP  
NEW SYMBOL: BEPC1  
FUTURES SYMBOL: TERP1D  
NEW SYMBOL: TERP2D  
DATE: ??? (ELECTION DEADLINE: 7/28/20)**

On July 29, 2020, Shareholders of TerraForm Power, Inc. (TERP) will vote concerning the proposed merger with Brookfield Renewable Partners L.P. (BEP), Brookfield Renewable Corporation, and other related entities. If the merger is approved and consummated, TERP shareholders will be entitled to receive consideration in one of the forms described below under The Merger: Individual Share Elections, which are subject to adjustment as described in the TERP/BEP Proxy Statement/Prospectus dated June 29, 2020 (“Proxy”). Cash will be paid in lieu of fractional shares.

The considerations will be subject to adjustment based on the rate at which BEP makes a Special Distribution of Brookfield Renewable Corporation Exchangeable Shares to its Unitholders. It is expected that this ratio is 1 Exchangeable Share per 4 BEP Units Held. The Special Distribution is expected to take place immediately prior to the effective time of the merger, as described in the BEP Prospectus dated June 29, 2020.

It is expected that Brookfield Renewable Corporation Exchangeable Shares will begin trading on a when-issued basis prior to the record date of the Special Distribution, which is to be determined, under the trading symbol “BEPC WI”, and will begin trading regular-way on the New York Stock Exchange under the trading symbol “BEPC” on the effective day of the merger.

### **The Merger: Individual Share Elections**

Within the terms of the Merger, individual TERP Shareholders may:

- Register no preference by not making an election and receive 0.381 Brookfield Renewable Corporation (BEPC) Class A Exchangeable Shares, subject to adjustment as described in the Proxy, per TERP share held. Based on the anticipated Special Distribution rate, it is expected that this ratio will be adjusted to 0.47625 BEPC Exchangeable Shares. Cash will be paid in lieu of fractional BEPC exchangeable shares, if any (“Non-Electing Consideration”). OR
- Elect to receive 0.381 Brookfield Renewable Partners L.P. (BEP) Units, subject to adjustment as described in the Proxy, per TERP share held. Based on the anticipated Special Distribution rate, it is expected that this ratio will be adjusted to 0.47625 BEP Units. Cash will be paid in lieu of fractional BEP units, if any.

Elections must be submitted to the Exchange Agent, Computershare Trust Company of Canada. **The election deadline will be 5:00 p.m. New York City time on July 28, 2020.** TERP Shareholders must observe all terms and conditions for the election as specified in the Proxy. **It should be noted that it is unknown if shares may be delivered pursuant to an election under "Notices of Guaranteed Delivery" which allows delivery of TERP shares within a certain number of business days of submission of the notices.** In all cases, Call option holders exercising in order to obtain stock for an election must exercise in sufficient time to be able to make valid delivery pursuant to the election procedures.

### **CONTRACT ADJUSTMENT**

DATE: Effective the opening of the business day after the merger is consummated. Contract adjustment is expected to occur in the third quarter of 2020.

OPTION SYMBOL: TERP changes to BEPC1

STRIKE DIVISOR: 1

CONTRACT MULTIPLIER: 1

NEW MULTIPLIER: 100 (e.g., for premium or strike price extensions, 1.00 equals \$100)

NEW DELIVERABLE PER CONTRACT: The deliverable for adjusted TERP options will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING TERP SHAREHOLDERS (stated in terms of a current 100-Share deliverable).

100 x the Non-Electing Consideration

CUSIP: BEPC: TBD

### **DELAYED SETTLEMENT**

OCC will delay settlement of BEPC1 options until the non-electing consideration has been determined.

### **Futures Contract Adjustment**

DATE: Effective the opening of the business day after the merger is consummated. Contract adjustment is expected to occur in the third quarter of 2020.

FUTURES SYMBOL: TERP1D changes to TERP2D

NUMBER OF CONTRACTS: No Change

MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150)

NEW DELIVERABLE PER CONTRACT: The deliverable for adjusted TERP futures will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING TERP SHAREHOLDERS (stated in terms of a current 100-Share deliverable).

100 x the Non-Electing Consideration

CUSIP:

BEPC: TBD

## **DELAYED SETTLEMENT**

OCC will delay settlement of TERP2D futures until the non-electing consideration has been determined.

## **Important Exercise Considerations**

Holders of TERP Call options who wish to make their own elections with respect to TERP shares received through exercise (for example, to receive a consideration other than the Non-Electing consideration) bear sole responsibility in determining when to exercise their options to permit a valid election. After the merger is consummated and the contract adjustment described above is effected, adjusted TERP options will no longer call for the delivery of TERP shares upon exercise. Call option holders will receive upon exercise (and Put holders deliver upon exercise) the non-electing merger consideration (on a per contract basis).

## **Delivery Settlement and Protect Provisions**

Option contracts which are exercised, and physically-settled security futures contracts which mature, will require the settlement of all component securities included in the contract deliverable at the time of the futures contract maturation or option contract exercise, including rights, warrants, or similar instruments. Additional TERP entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon physically-settled futures contract maturity or option exercise. Conversely, securities not included in the contract deliverable at the time of the option exercise or futures contract maturity, or other entitlements not associated with the underlying deliverable securities, may preclude holders of long futures contracts from realizing the benefit of such entitlements. For example, if a physically-settled security futures underlying security is the subject of a tender offer, exchange offer, or similar event which expires *before* the futures contract reaches its maturity, the securities due to long futures holders upon maturity *will not* be eligible for participation in the tender/exchange offer. Conversely, if such tender offer, exchange offer or similar event expires *after* the futures contract matures, securities deliverable to long futures holders *will* be eligible for participation in these events.

Except in unusual cases, securities deliverable as a result of equity option exercise or the maturity of physically-settled security futures are settled through National Securities Clearing Corporation (NSCC).

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise or assignment or a physically-settled security future delivery or receipt obligation are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to them of securities subject to specific deadlines, such as the expiration of a tender offer, rights subscription, election, or similar event. These rules are generally called protect or liability notice procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such "protect" provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

## **Special Risks**

Writers of call options and holders of short positions in physically-settled security futures at maturity who are uncovered with respect to deliverable securities subject to deadlines or cut-off times (such as expirations of tender offers, rights subscriptions, elections, or similar events) should be aware of a risk associated with the timing of their possible assignments or physically-settled security futures delivery obligations: Equity option exercise settlement and settlement of physically-settled security futures delivery obligations normally occurs 2 business days after the option exercise date or the security-futures maturity date. An uncovered call writer or uncovered short futures holder who has an obligation to deliver, and who waits until after assignment or futures maturity to effect purchase of the underlying security, may not be able to effect timely delivery by a regular-way purchase (2 business-day settlement) or call option exercise

(2 business-day settlement after exercise). Such uncovered writer or short futures holder may nevertheless be subject to liability under the protect provisions of NSCC (see above) with respect to his delivery obligation, because he cannot make timely delivery. Additionally, Cash Markets (same-day, or less-than-2-business-day settlement) may not be available, or may be expensive for buyers of the underlying security.

## **DISCLAIMER**

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email [investorservices@theocc.com](mailto:investorservices@theocc.com). Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email [memberservices@theocc.com](mailto:memberservices@theocc.com).