

January 12, 2011

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: 2011 IRM Rate Application
EB-2010-0145
Interrogatory Responses

Enclosed please find Woodstock Hydro Services Inc. responses to the interrogatories filed by School Energy Coalition in the above noted proceeding.

The Interrogatory Responses are being filed through the Board's web portal (PDF) and also sent by email and 2 paper copies.

Any confidential documents have been filed under separate cover.

Should there be any questions, please do not hesitate to contact me. Thank you.

Respectfully submitted,

Original Signed By

Patti Eitel, CGA
Manager of Accounting and Regulatory Affairs
Woodstock Hydro Services Inc.
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Woodstock ON N4S 6J6
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Cc: David MacIntosh, Energy Probe
Randy Aiken, Energy Probe
Jay Shepherd, SEC
Wayne McNally, SEC
Bill Harper, VECC
Michael Buonaguro, VECC

**WOODSTOCK HYDRO SERVICES INC.
RESPONSES TO INTERROGATORIES
FROM THE
SCHOOL ENERGY COALITION
JANUARY 13, 2011**

1. Please confirm that there are 27 publicly-funded schools in the Applicant's franchise area. Please advise the number of schools in each of the GS<50 and GS>50 classes.

Response:

There are 20 publicly-funded schools in WHSI's service area, comprised of 13 public schools and 7 separate schools. These schools are billed on 27 individual accounts, which take into account individually metered services such as school portables.

Of the 27 accounts, 12 accounts are in the GS<50 rate class and 15 accounts are in the GS>50 rate class.

2. [Ex. 1/3/1, App. F, p. 13]. Please confirm that the settlement of the LPP litigation is intended to cover all of the \$827,148 of late penalties collected from 1994 to 2002.

Response:

WHSI confirms that the settlement of the LPP litigation is intended to cover all of the \$827,148 of late penalties collected from 1994 to 2002.

3. [Ex. 1/3/2, App. I] With respect to the Financial Statements:
 - a. P. 13. Please confirm that the \$1,263,892 of meters listed as stranded remain in rate base for regulatory purposes
 - b. P. 18. Please provide a copy of the main current agreements (likely the loan agreement or commitment) with respect to the CIBC debt. If that document does not include the early termination clauses, please provide the document that includes those clauses as well.

Response:

- a. WHSI confirms that the net book value of \$1,263,892 of meters listed in the 2009 audited financial statements as stranded assets remain in the rate base for regulatory purposes.
 - b. A copy of the current agreements with respect to the CIBC debt is attached as Appendix A, WHSI Credit Agreement April 23, 2010; and Appendix B – WHSI ISDA and Schedule.
4. [Ex. 1/3/3, Appendix L] Please add columns to this multi-page table showing actuals for 2008 and 2009, and forecast for 2011, so that a side by side comparison can be made.

Response:

A revised multi-page table is attached as Appendix C and includes the 2011 amounts based on existing rates as well as the 2011 amounts based on the proposed rates.

5. [Ex. 2/2/3, p. 40] Please advise the currently expected in-service date of the Commerce Way TS, i.e. the date on which it will first be “used and useful” for the customers of the Applicant.

Response:

Please refer to WHSI’s response to Energy Probe Interrogatory # 3.

6. [Ex. 2/2/5, p. 2] Please recalculate the rate base and depreciation for 2011 on the assumption that the half year rule is not applied for 2010 or any prior year, but is applied starting in 2011.

Response:

Please refer to WHSI’s response to Energy Probe Interrogatory # 4c.

7. [Ex. 3/3/2, p. 2] Please confirm that the expenses listed in Account 4380 were included in OM&A for 2006 Board-approved and 2006 actual. Please provide the OM&A figures for 2006 Board Approved and actual, at the level of detail set out in Table 4-1 at Ex. 4/1/3, p. 1, excluding all expenses of non-utility operations and excluding CDM expenses.

Response:

WHSI confirms that there were no expenses recorded for Account 4380 in 2006 and that no amounts were included in Account 4380 for the 2006 Board-approved OM&A.

Further to Exhibit 4, Tab 2, Schedule 3, page 4, CDM educational activities funded through third tranche revenue in the amount of \$230,181 was included in total expense of \$256,044 as recorded in account 5415.

8. [Ex. 4/1/4] With respect to the OM&A Cost Drivers:

- a. P. 4. Please provide the approval document for the 3 year inspection program referred to. Please provide the original and current budgets of the 3 year program.
- b. P. 9. Please advise how many of the 33 FTEs in 2006 related to Water /Sewer services, and how many related to CDM programs?
- c. P. 10. With respect to the pay-as-you-go meter program:
 - i. Please provide any report or other documentation detailing the success or failure of the program.
 - ii. Please provide the report, if any, on which the decision to terminate the program was based.
 - iii. Please advise what efforts the Applicant made or considered to develop a pay-as-you-go meter solution that would meet minimum smart meter functionality, and integrate with the CIS, including any proposed or actual R&D activities, any joint ventures with other LDCs or with meter companies, etc.
 - iv. Please provide a summary of customer reaction to the termination of the pay-as-you-go meter program

Response:

- a. The three year inspection program is a combination of overhead and underground maintenance activity and third party contractor services. In terms of third party service work, WHSI invited RFP responses for a three year external testing program for ground mount and pole testing activity. Beginning in 2010, three year contracts were awarded to separate contracting companies; one for pole testing and a second for ground mounted equipment inspection.

A total of 4200 poles are being inspected from 2010 through 2012, with the contractor completing roughly one-third of the test population per year. Pad mounted switchgear inspections will follow a similar process, with a third of the total

transformer and switchgear being tested each year between 2010 and 2012.

The annual approved budget for this testing is \$22k per year and \$13k per year for pole and pad mount inspections respectively. Aside from approving the RFP responses for the successful bidder, approvals are recognized through the annual WHSI budget approval process.

In addition to contractor supplied inspections, WHSI completes a three year rotation of overhead and pad mount switch operation and maintenance through annual approved maintenance budgets. This inspection activity has typically been part of the overall maintenance budget and as such is not specifically identified apart from other maintenance activities.

- b. WHSI estimates that 62.5% of one FTE in 2006 was related to Water/Sewer services, which includes personnel from the billing and collecting (48.5% of one FTE), and administrative departments (14% of one FTE). Please refer to Exhibit 4, Appendix B, WHSI Cost Analysis For Provision of Water/Sewer Billing Fees.

CDM efforts in 2006 were driven by Third Tranche programs, primarily utilizing temporary contract employees and consulting firms. The 2006 programs were resourced externally and internally, with a temporary contract employee (20% of one FTE), and existing employees (20% of one FTE).

- C(i) The pay-as-you go- program was an effective conservation tool as illustrated in Appendix D , a presentation provided by WHSI to the EDA Western District meeting in 2008.

Appendix E is a news article that promotes the conservation benefits of WHSI's pay-as-you-go meter program.

Over the years there have been numerous news articles and reports that extol the benefits of pay-as-you-go meters. Appendix D and E are just two examples.

From a conservation and customer satisfaction perspective, WHSI's pay-as-you go meter program was a success. Despite WHSI's extensive efforts to incorporate prepaid metering into the Smart Meter era, technological and cost barriers were the deciding factors that resulted in the decision to discontinue the program.

In consideration of the benefits that WHSI customers have seen firsthand, should a cost effective, technological product that can easily integrate into WHSI's existing CIS and smart metering system present itself in future, WHSI would most certainly pursue the reintroduction of prepaid meter programs to its customers.

- ii) Please refer to WHSI's response to OEB Staff Interrogatory # 4a.
- iii) Please refer to WHSI's response to OEB Staff Interrogatory #4a.
- iv) Exhibit 4, Tab 4, Schedule 1, Appendix C provides the results of a Customer Survey conducted in 2008 that included questions specific to the prepaid meters. Customers were also asked to provide any additional comments and suggestions in the survey. In regard to prepaid meters, opinions were polarized, and customers either loved or despised them. Positive comments surrounded the benefits provided to landlords, low-income customers, and conservation. Negative comments received referred to the high cost of the prepaid meter fees, and the inconvenience of having to purchase power at offsite locations (primarily seniors and/or customers with mobility issues).

WHSI received mixed reaction from customers at the decision to terminate the pay-as-you-go program. The majority of customers who shared their opinions with WHSI, however, expressed disappointment or sometimes even anger at the decision to terminate the program.

9. [Ex. 4/1/5] With respect to the budget process:

- a. P. 1. Please provide the 2011 capital and operating budgets approved by the Applicant's Board of Directors, together with any presentation or report provided to the Board of Directors or any of its committees as part of the approval process.
- b. P. 1 Please provide any written succession plans (excluding plans relating to any specific individual). If the Applicant's Board of Directors has Compensation or Human Resources Committee, and that Committee has considered succession planning in the last 24 months, please provide the minutes of those meetings.
- c. P. 2. Please explain how OM&A per customer is considered as part of the annual budgeting process. If the Applicant has any plan to reduce OM&A per customer over time, please provide a copy of that plan.

Response:

- a. Please refer to WHSI's response to VECC Interrogatory # 20a.
- b. Succession planning for WHSI occurs at the senior management and Board of Director level. Further to the information provided in Exhibit 4, Tab 2, Schedule 4

page 17, WHSI's succession plan for its powerline staff was established to ensure a balance between seasoned and newer employees. Overlapping years during which time the Apprentices work towards full certification are also invaluable to smoothly transition knowledge from the seasoned to the new employees. The table below summarizes the combined total number of years experience and the average years of powerline experience per employee.

Year	Combined Years of Experience	Average Years of Experience per Lineperson
2010	192	17.45
2011	203	18.45
2012	184	16.73
2013	195	17.73
2014	206	18.73
2015	154	14.00
2016	165	15.00
2017	146	13.27
2018	125	11.36
2019	136	12.36
2020	147	13.36
2021	158	14.36
2022	138	12.55
2023	149	13.55
2024	124	11.27
2025	134	12.18
2026	109	9.91
2027	118	10.73

The following succession plan illustrates the long-term plan to systematically hire new Apprentices 2 or more years before the retirement of a seasoned powerline employee. As indicated in the Table below, WHSI intends to maintain the staff complement for powerline employees at 11.

Current Lineperson	Projected Retirement Year	Replacement Lineperson	Replacement Year	Years of Overlap	Staff Complement
# 1	2011	#10 (2008 Apprentice)	2008	3	10
			2009		10
# 2	2015	# 11(2010 Apprentice)	2010	5	11
			2011		11
#3	2015	2012 Apprentice	2012	3	11
			2013		11
			2014		11
#4	2017	2015 Apprentice	2015	2	11
#5	2018	2015 Apprentice	2015	3	11
			2016		11
#6	2022	2017 Apprentice	2017	5	11
#7	2024	2018 Apprentice	2018	6	11
			2019		11
			2020		11
			2021		11
#8	2026	2022 Apprentice	2022	4	11
			2023		11
#9 (2008 Apprentice)	2038	2024 Apprentice	2024	14	11

Administrative, Engineering, and Meter department succession planning is based largely on regulatory changes. As a small LDC, WHSI employees in these departments wear several different “hats” and transition to newly defined roles as the industry evolves from one of “poles and wires” distribution, to one whose focus on conservation, smart grid and renewable generation activities is significantly increasing. Incremental increases to these positions are dependent upon the scope and breadth of changes within the electricity industry and Canadian accounting standards. The evolution of the roles of WHSI’s Meter Technicians as described in Exhibit 4, Table 2, Schedule 4, page 16, is one such example.

- c. WHSI uses OM&A per customer as a benchmarking tool to compare WHSI's actual and budgeted OM&A with its historical costs, and with other LDC,s. The results are reviewed on a quarterly basis by WHSI’s Board of Directors. WHSI makes every effort to ensure prudence and cost effectiveness as part of the budget process and recognizes that as a generally low-growth LDC, continued improvements are necessary to maintain reasonable OM&A costs per customer and a safe, reliable distribution system. External factors such as the Minimum Inspection Requirements, combined with continual ramping requirements of Reg 22-04 will drive costs per customer up, not down. Increasing demands for regulatory amendments, renewable connection, smart grid, smart meters, MDM/R, conservation, and IFRS also contribute to increased costs. As a small LDC, WHSI staff often perform more than one core function to meet these increasing demands and help keep OM&A costs

down while the aforementioned activities continue to put pressure on costs and resources.

Investment in information technology, as discussed in Exhibit 2, Tab 3, Schedule 2, continued partnering with other LDC's to share costs, as discussed in Exhibit 4, Tab 1, Schedule 4, page 12 (IFRS), and participation in LDC workgroups and associations are some strategies that WHSI intends to continue to use in its efforts to reduce OM&A costs.

An increased focus on Asset Management activities including testing, inspection, and asset upgrades, and replacements where required, will help to ensure a more reliable, efficient infrastructure in the long run with lower maintenance repairs and expenses.

10. [Ex. 4/2/2, p. 1] Please explain the increase from \$20,711 to \$194,651 in Account 5085. From the details in Ex. 4/2/5, it appears that this increase may related to additional hiring of several people over a number of years. Please provide a comprehensive explanation of how many additional people were added in this category and when, and why they are not accounted for in the specific operational areas to which all other personnel are allocated for accounting purposes.

Response:

Prior to 2007, janitorial, snow removal, and miscellaneous costs for the office building were recognized in Account 5085. Most mapping and related record preparations were outsourced and charged to Accounts 5025, Overhead Distribution Lines and Feeders, and Account 5045, Underground Distribution Lines and Feeders.

In 2007 WHSI hired a new Engineering Technologist in response to increasing subdivision and industrial development. A portion of this employee's wages were allocated to account 5085 for mapping and other record keeping work. This increased costs in 2007 by \$26,127 over 2006 amounts.

In 2008 WHSI conducted a review of the allocation of labour costs to ensure the duties being performed were allocated in accordance with the OEB Accounting Procedures Handbook. This review resulted in additional hours by engineering staff being allocated to Account 5085. WHSI brought all mapping work in-house and spent considerable time on bringing our maps up to date. This increased costs in Account 5085 by \$39,208 over 2007 amounts.

In 2009, WHSI created the clerical position of Operations Coordinator in response to increasing demands for regulatory reporting, and administrative, and record keeping requirements. More information on this position is described in Exhibit 4, Tab 2, Schedule 4, page 15, row 17. All costs related to this position are included in Account 5085, which has contributed to the increase of \$71,251 over 2008 amounts.

In 2010, costs are expected to remain consistent with 2009 amounts, adjusted for salary increases and changes in other purchases.

The 2011 costs in Account 5085 are expected to increase by \$26,103 in response to salary increases, and the allocation of cellular communications costs for operations department employees.

11. [Ex. 4/2/5, p. 1] Please provide details of the initial and ongoing capital costs, and the operating costs and revenues each year, associated with the solar PV project. Please advise how many FTEs are allocated to this project, and confirm that the costs of these personnel are included in the regulated OM&A recovered from ratepayers

Response:

WHSI projects the total capital cost for the microFIT project will be \$78,956 in 2011. There are no FTE's from WHSI allocated to this project as all equipment and labour will be completed through contract with external suppliers. We anticipate annual revenue of just under \$10,000 per year which will fully cover any O&M costs associated with the microFIT project.

It is our intention to promote renewable energy and energy conservation by utilizing this project as a demonstration and training model. Any FTE costs associated with this activity will be funded through conservation and renewable energy activity as part of the LDC CDM program.

12. [Ex. 6/1/2, p. 3] Please explain why the Drivers of the Deficiency does not include the \$1,885,632 increase in OM&A from 2006 EDR to 2011 Test Year, and does not include the \$590,165 decrease in the PILs provision. Please restate the Drivers of the Deficiency table to include all material impacts on the deficiency.

Response:

WHSI has revised Table 6-5 to include the increase in OM&A and decrease in PILs provision, as well as the deficiency resulting from the change in the revenue offset revenue offset. The methodology used in the original table had inadvertently presented the variances in different groupings. Additionally, the lost distribution revenue which resulted from a customer reclassification had been included in the table in error.

WHSI notes that the actual variance in the OM&A Increase from 2006 EDR to 2011 Test Year is \$1,138,617. The amount of \$1,885,632 in the above Interrogatory included the deficiencies for depreciation (\$550,515) and deemed interest (\$196,401).

Table 6.5 Revised	2006 EDR	2011 Test	Deficiency
Revenue Offset	(767,759)	(483,279)	(284,480)
OM&A	3,030,590	4,169,207	(1,138,617)
Depreciation	1,480,767	2,031,382	(550,615)
Deemed Interest	738,496	934,897	(196,401)
Deemed Return on Equity	(983,787)	(1,246,442)	262,655
PILS Provision	924,090	333,825	590,265
Other			(21,508)
Total Revenue Deficiency			(1,338,700)

13. [Ex. 8/2/1, p. 4] Please recalculate the GS>50 variable charge per KW on the assumption that the fixed charge is set at:

- \$156.28, the Board's ceiling amount; and
- \$294.82, the current approved monthly charge

Response:

The following table summarizes the 2011 proposed, scenario a, and scenario b above.

Customer Class	Scenario	2011 Total Base Revenue	Fixed Charge	Annualized Customers	Fixed Base Revenue	Variable Base Revenue	Transformer Allowance	Gross Variable Base Revenue Requirement	Billing Determinants kW	Variable Charge	Fixed Charge Split	Variable Charge Split
		A	B	C	D (B*C)	E (A-D)	F	G (E+F)	H	I (G/H)	J (D/A)	K (E/A)
GS 50 kW - 999 kW	2011 Proposed	1,478,505	\$ 360.69	2,316	835,358	643,147	162,440	805,587	381,271	\$2.1129	56.5%	43.5%
GS 50 kW - 999 kW	SEC IR 13 a	1,478,505	\$ 156.28	2,316	361,944	1,116,560	162,440	1,279,000	381,271	\$3.3546	24.5%	75.5%
GS 50 kW - 999 kW	SEC IR 13 b	1,478,505	\$ 294.82	2,316	682,803	795,702	162,440	958,142	381,271	\$2.5130	46.2%	53.8%

14. Please provide the Applicant's current long term or strategic plan that includes the Test Year.

Response:

WHSI's annual budgets and long term capital forecasts are based on the concepts noted in our Strategic plan. Please refer to WHSI's response to VECC Interrogatory # 20 for additional information..

Woodstock Hydro Services Inc Strategic Plan

Purpose

The purpose of this document is to provide a comprehensive summary of the aims of the corporation and the direction of the Shareholder and the Board of Directors, and the fundamental principles governing the operation of Woodstock Hydro Services Inc.

Vision Statement

Woodstock Hydro Services Inc. will be recognized by its ratepayers within the City of Woodstock and by its peers within the electricity industry as an innovative, conscientious, community-focused local-distribution company, which is delivering exceptional value through a variety of programs and services to its ratepayers. Woodstock Hydro will be recognized as a dedicated and committed community organization, whose employees consistently demonstrate values and behaviours that are consistent with its mission statement.

Mission Statement

Through partnership with our customers, employees, community and shareholder, we deliver safe and reliable electricity, innovative energy solutions, superior customer service and sound financial performance.

Motto

Keeping Your Future Bright

Shareholder Direction

1. Ensure that the value of the Corporation is maintained or increased
2. Protect the investment of the Shareholder and manage, so far as possible, the exposure of the corporation to any risk
3. Provide the Shareholder with its desired rate of return on its investments as permitted by the Ontario Energy Board
4. Provide adequate reporting to the Shareholder
5. Establish and maintain appropriate financial and capital structures for the Corporation and any subsidiary, giving due consideration to the rate of return permitted by the Ontario Energy Board
6. Undertake activities which will enhance the economic development of the City of Woodstock
7. Provide energy services beneficial to energy consumers and ratepayers in the City of Woodstock
8. Provide energy services in an environmentally-responsible manner.

10 Central Themes

Woodstock Hydro's goals and objectives are based on ten (10) central areas of concern. All decisions are made with one or more of these pillars in mind.

1. Safety
2. System Reliability / Asset Management
3. Rate Sensitivity / Financial Performance

4. Exceptional Customer Service / Culture of Community
5. Culture of Conservation
6. Environmentally-Conscious
7. Continuous Improvement
8. Human Resources Management
9. Business Continuity
10. Regulatory Compliance

2011 – 2015 Goals

1. **Safety**
 - a. Continue to develop and promote an internal responsibility system (IRS)
 - b. Continue and enhance its safety-training program
 - c. Continue in the pursuit of the IHSA's Zeroquest certification
 - d. Continue to implement and enforce policy and procedure in an effort to avoid any lost-time workplace injuries
2. **System Reliability / Asset Management**
 - a. Participate fully in the deployment of Hydro One's Commerce Way TS
 - b. Ensure that the management plan continues to evolve, and recognize the critical importance of long-term planning
 - c. Manage the long-term capital plan in a manner that recognizes the pivotal importance of strategic and timely replacement of infrastructure assets
 - d. Continue to investigate root cause for all electricity outages and will seek to find and implement cost-effective strategies to minimize both the frequency and duration of outages for all customer classes
 - e. Participate in innovative, cost-effective smart-grid technologies in support of these objectives
 - f. Operate and maintain corporate assets in a manner that maximizes their utility / useful life
3. **Rate Sensitivity / Financial Performance**
 - a. Focus on cost management
 - b. Ensure that optimum value is received from goods and services received / hold suppliers accountable
 - c. Ensure that the annual budget process and rate application exercises will include a review of impacts to customers
 - d. Ensure that audit controls are sufficient, enforced and continually monitored
 - e. Implement IFRS accounting standard and maintain compliance with internal and external financial-reporting and fiduciary requirements
4. **Exceptional Customer Service / Culture of Community**
 - a. Continue with customer surveys
 - b. Implement eCare web self-service and introduce online bill and energy consumption presentment
 - c. Develop innovative approaches to increase visibility in the community
 - d. Continue and improve school-safety programs
 - e. Continue community-involvement initiatives (Chamber of Commerce, Energy Committees, Winterlights, Economic Development)
5. **Culture of Conservation**
 - a. Embrace the vision of smart metering and TOU pricing as the foundational technology for the Smart Grid and Ontario's Culture of Conservation

- b. Educate its customers regarding ways in which they can become “smart customers” through accessing smart-meter data
 - c. Build upon its 20-year reputation as a leader in the field of electricity conservation through the design and delivery of innovative conservation programs
 - d. Implement strategies in support of exceeding conservation targets assigned by the OPA and the OEB for the 2011-2014 time frame
 - e. Lead by example and create educational opportunities through promoting and investing in renewable energy (e.g. solar)
6. **Environmentally-Conscious**
- a. Recognize and communicate internally and externally the role that the corporation seeks to fulfill with respect to environmental stewardship, in keeping with the Shareholder Direction
 - b. Assess all projects and initiatives from an environmental perspective
7. **Continuous Improvement**
- a. Remain steadfastly committed to the precepts and advantages of the ISO 9001:2008 registration
 - b. Ensure that the quality-management system provides an infrastructure for root-cause analysis, the establishment of key performance indicators (both external and internal), and ongoing review of core business processes and customer satisfaction
 - c. Encourage and support participation in the ISO system
 - d. Endeavour to implement suggestions and recommendations flowing from the continuous-improvement system
8. **Human Resources Management**
- a. Improve and enhance recruitment strategies and monitor employee retention and satisfaction
 - b. Implement strategies that ensure a highly-qualified, motivated workforce committed to delivering the corporation’s mission and motto
 - c. Monitor and adjust succession plan in keeping with corporate requirements
 - d. Ensure that performance reviews occur annually and deliver tangible value
 - e. Encourage lifelong learning through structured programs
 - f. Assess and implement employee recognition program
 - g. Negotiate fair and reasonable total compensation package
9. **Business Continuity**
- a. Seek to ensure that the corporation has the appropriate systems and procedures in place to respond to an emergency at any scale
 - b. Continually assess all aspects of the corporation’s business-continuity plan (operations, administration, IT)
10. **Regulatory Compliance**
- a. Seek to understand, participate in and contribute to the regulatory environment
 - b. Seek to ensure that all regulatory requirements and filings are accurate and filed in a timely manner

SEC Interrogatories

Appendix A

WHSI Credit Agreement

Apr 23 2010



CIBC
Commercial Banking

Canadian Imperial Bank of Commerce
560 Wellington Street, 3rd Floor
London, Ontario
N6A 3R4

April 21, 2010

Woodstock Hydro Services Inc.
P.O. Box 1598 Stn Main
Woodstock, Ontario
N4S 0A8

Attention: Mr. Ross McMillan, President & CEO

Dear Mr. McMillan:

Re: Credit Facilities

Canadian Imperial Bank of Commerce ("CIBC") is pleased to establish the following credit facilities in favour of Woodstock Hydro Services, Inc. (the "Borrower").

Credit A: Demand Operating Credit

Credit Limit: \$3,000,000.00

Purpose: All amounts obtained under this Credit are to be used for current expenditures.

Description and Rate: A revolving Credit, available as follows:

- ▶ Canadian dollar loans, which will also be available by way of overdrafts.
Interest on Canadian dollar loans will be calculated at the Prime Rate plus 0.15% per annum.

Repayment: All amounts under this Credit are repayable immediately on demand by CIBC, and this Credit may be terminated in whole or in part by CIBC at any time.

The Borrower shall have the option to repay any amount under this Credit at any time.

Credit B: Credit for Standby Letters of Credit

Credit Limit:	\$1,960,005.00
Purpose:	All L/Cs under this Credit are to be used for the exclusive purpose of providing required prudential support for the Borrower's energy purchase obligations through the Independent Electricity System Operator (the "IESO")
Fees:	Fees for standby L/Cs under this Credit will be calculated at 0.75% per annum. In each case the Borrower shall also reimburse CIBC for its out of pocket expenses relative to all L/Cs under this Credit.
Documentation:	CIBC's standard L/C documentation is required.
Termination:	This Credit may be terminated in whole or in part by CIBC at any time.
Conditions:	L/Cs under this Credit may not have terms to expiry of more than 12 months but may contain an automatic renewal clause. The maximum notice period to terminate must not be greater than 60 days.

Credit C – Committed Term Instalment Loan

Credit Limit:	\$10,941,862.00
Purpose:	All amounts under this Credit are used to refinance the existing note in the amount of \$10,941,862 payable to the Corporation of the City of Woodstock
Committed Period:	<p>The Committed Period for this Credit will expire on June 23, 2013.</p> <p>CIBC may in its sole discretion, upon written request by the Borrower given to CIBC not later than 15 months prior to the expiry of the Committed Period of this Credit then in effect, extend such Committed Period for a further period of up to one year.</p>

Description and Rate: A non-revolving loan available as follows:

- ▶ Fixed rate loans by way of interest rate swap. Interest on fixed rate loans is calculated at the underlying rate agreed upon by the Borrower and CIBC at the time of drawdown, plus a spread of 0.50% per annum.
- ▶ Canadian dollar loans. Interest on any Canadian dollar loans will be calculated at the Prime Rate plus 0.15% per annum.

Repayment: Interest-only payments are payable monthly in arrears until April 1, 2012 (the “Interest-only Period”).

Following the Interest-only Period, the loan shall be repaid in regular monthly blended payments of principal and interest of equal amount based on a 15-year amortization period. The first such regular payment is due on May 1, 2012.

Notwithstanding the foregoing, at any time that an Event of Default is continuing this Committed Term Instalment Loan is repayable immediately on demand by CIBC.

Prepayment: The Borrower shall have the option to repay any amount under this Credit at any time, provided that fixed-rate loans may be repaid only at the end of the applicable fixed-rate interest period, and B/As may be repaid only on their maturity. Any such optional repayment of part of any loan will be applied to its remaining instalments in the inverse order of their maturity.

Credit D: Demand Instalment Loan

Loan Amount: \$4,100,000.00

Purpose: This loan is to be used to provide financing for Woodstock Hydro’s share of the new transformer station.

Advances: This Credit is available in multiple draws with the expectation that three draws will occur approximately as follows:

- \$2,500,000 on April 30, 2010
- \$800,000 on May 31, 2011
- \$800,000 on December 31, 2011

Description and Rate:

A non-revolving loan available as follows:

- ▶ Canadian dollar B/As. CIBC's stamping fee for B/As will be calculated at 1.00% per annum.
- ▶ Fixed-rate loans in Canadian dollars by way of interest rate swap.
Interest on each fixed-rate loan will be calculated at the underlying rate agreed upon by the Borrower and CIBC at the time of drawdown, plus a spread of 1.00% per annum.
- ▶ Canadian dollar loans. Interest on any Canadian dollar loans will be calculated at the Prime Rate plus 0.15% per annum.

Repayment:

All amounts under this loan are repayable immediately on demand by CIBC. Prior to the time that any such demand is made, and without prejudice to CIBC's right to require immediate payment, the Borrower shall repay this loan by regular blended payments of principal and interest based on a 15 year amortization period.

Prior to the first such regular payment, interest-only payments are payable monthly in arrears on the last day of each month. The first regular blended payment of principal and interest is due on March 31, 2012, and the last such regular payment is due on February 28, 2027.

The Borrower shall have the option to repay any amount under this Credit at any time, provided that fixed-rate loans may be repaid only at the end of the applicable fixed-rate interest period, and B/As may be repaid only on their maturity. Any such optional repayment of part of any loan will be applied to its remaining instalments in the inverse order of their maturity.

Conditions Precedent:

In addition to the documentation specified in section 5.1 and 5.2 of Schedule A hereto, the obligation of CIBC to make available any amounts under Credit D is subject to CIBC's receipt of the following, in form and substance satisfactory to CIBC:

- ▶ Copy of the duly executed Connection Cost Recovery Agreement between Woodstock Hydro Services Inc. and Hydro One Networks Inc.

Credit E: Corporate Visa

Credit Limit:	\$100,000.00
Purpose:	Guarantee payment of Corporate Classic Visa Card billings in the name of Woodstock Hydro Services Inc., for normal business purposes.
Documentation:	Visa's standard documentation is required.
Termination:	This Credit may be terminated in whole or in part by CIBC at any time.

Security

The Credits are provided on an unsecured basis.

Documentation

Uniform swap agreement developed by the International Swaps and Derivatives Association, Inc. ("ISDA") relative to the interest rate swaps.

Financial Covenants

The Borrower will ensure that:

- ▶ its Debt to Capitalization Ratio does not exceed 65% at any time.
- ▶ its Cash Flow Debt Service Ratio is not less than 1.5 at any time.

Financial covenants are to be tested quarterly.

Positive Covenants

Maintenance in Good Standing:	The Borrower will maintain in good standing all consents, licenses and permits necessary to operate its business.
Compliance with Market Rules:	The Borrower will conduct its business in compliance with market rules for the Ontario electricity market as established by the Ontario Energy Board ("OEB") and IESO from time to time.

Notice of Material Regulatory Applications:

The Borrower will provide CIBC with notice of any material applications or filings it submits to the OEB, IESO or any other regulatory body.

Insurance:

The Borrower will maintain adequate insurance with reputable insurers to cover against risk of loss or damage to any of its property and assets.

Ranking of Unsecured Credits

All Credits outstanding under this Agreement shall rank pari-passu to any other unsecured obligations of the Borrower.

Equal Treatment of Lenders:

CIBC shall, without further action or documentation on the part of the Borrower, be entitled to the benefit of any representation, warranty, covenant, default provision, indemnity, security arrangements or other material provision heretofore or hereafter made by the Borrower under any agreement for borrowed money which is more beneficial to CIBC than any representation, warranty or covenant contained in this agreement. Upon CIBC's reasonable request, the Borrower agrees that it shall deliver to CIBC forthwith copies of any agreement for borrowed money to which it is a party.

Notice of Litigation and Demand and Default:

The Borrower will advise CIBC immediately upon the occurrence of any material litigation or any event of default or demand for repayment of any credit provided to the Borrower by any other lender.

Negative Covenants

Lien Restrictions:

None of the Borrower and its Subsidiaries will create, incur or suffer to exist any Lien on any of its property or assets, except:

- (a) Purchase Money Liens;
- (b) Liens existing on an asset when it was acquired by the Borrower or its Subsidiary (and not created in contemplation of the acquisition) to secure indebtedness existing at such time;
- (c) Renewal or replacement of items referred to in (a) and (b) above so long as there is no increase in the principal amount; or
- (d) Normal Course Liens.

Dividend Restrictions:

The Borrower shall not declare or pay any dividend on any shares of its capital nor make any withdrawal of capital unless at the time of making such dividend or distribution (i) there exists no Event of Default and the making of such payment will not result in an Event of Default, (ii) there exists no Material Adverse Effect and the making of such payment will

not result in a Material Adverse Effect on the financial position of the Borrower and (iii) dividends will not exceed Available Cash Flow.

Change in Corporate Control:	The corporate control of the Borrower by the Corporation of the City of Woodstock shall not, either directly or indirectly, fall below 100% unless the Borrower obtains prior written consent of CIBC to waive this restriction.
Restriction on Sale of Regulated Assets and Investments:	None of the Borrower and its Subsidiaries will make any sale of regulated assets, nor will the Borrower make any investments in or loans to its non-regulated subsidiaries and affiliates, totalling in excess of \$300,000, without the prior approval of CIBC.
Provision of Guarantees:	None of the Borrower and its subsidiaries will provide any guarantees to third parties.
Restriction on Amalgamation and Acquisitions:	None of the Borrower and its Subsidiaries shall amalgamate or otherwise merge or consolidate with any entity, nor complete an acquisition without the prior approval of CIBC.
Change in Nature of Business	The Borrower shall not make any material change in the nature of its business as carried on at April 11, 2002, nor engage in any business other than the distribution of or maintenance of related equipment in the distribution of hydro services without the prior written consent of CIBC.

Reporting Requirements

Reporting Requirements:	<p>The Borrower will provide to CIBC:</p> <ul style="list-style-type: none"> ▶ Within 120 days after the end of each fiscal year, the audited consolidated financial statements of the Borrower for such year, prepared in accordance with GAAP, and the related Compliance Certificate. ▶ Within 120 days after the end of each fiscal year, the audited consolidated financial statements of Woodstock Hydro Holdings Inc. for such year, prepared in accordance with GAAP. ▶ Within 45 days after the end of each fiscal quarter, the unaudited financial statements of the Borrower for such quarter, prepared in accordance with GAAP, and the related Compliance Certificate. ▶ Within 120 days after the end of each fiscal year, a
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business plan/forecast for the Borrower for its next fiscal year, including projected income statements, cash flows, and capital spending plans.

Other Provisions

Schedule A:	The attached Schedule A, which contains certain additional provisions applicable to the Credits, and certain definitions, forms part of this Agreement.
Notice of Borrowing:	Whenever the Borrower desires to obtain any amount under a Credit (other than by way of a permitted overdraft), it will give to CIBC irrevocable prior written notice as specified in Schedule A hereto.
Notice of Repayment:	Whenever the Borrower desires to make one or more repayments under one or more Credits in an aggregate amount exceeding \$10,000,000 (or the equivalent in any other currency) on any day, it will give to CIBC irrevocable prior written notice as specified in Schedule A hereto.
Interest on Excess Amounts:	The interest rate applicable to any outstanding amount under a Credit which is in excess of the limit of such Credit shall be the Interest Rate Applicable to Credit Limit Excesses specified in Schedule A hereto.
Interest on Overdue Amounts:	Interest on overdue amounts is payable as specified in Schedule A hereto.
Interest Payment Dates:	Except with respect to interest on amounts in default, which is payable on demand, or as otherwise specified herein or in Schedule A hereto, interest and fees will be calculated and payable monthly in arrears on such day in each month as CIBC requires.
Authorized Debits:	The Borrower authorizes CIBC to debit its Operating Account for any interest, fees or other amounts that are payable by the Borrower to CIBC with respect to the Credits, as and when such amounts are payable.
Communications:	Any communication or notice to be given with respect to the Credits may be effectively given by delivering the same at the addresses set out on the signature page hereof, or by sending the same by facsimile or prepaid registered mail to the parties at such addresses. Any notice so mailed will be deemed to have been received on the tenth day next following the mailing thereof, provided that postal service is in normal

operation during such time. Any facsimile notice will be deemed to have been received on transmission if sent on a Business Day and, if not, on the next Business Day following transmission. Either party may from time to time notify the other party, in accordance with this section, of any change of its address which thereafter will be the address of such party for all purposes of the Credits.

Replacements:

This letter supersedes and replaces all prior discussions, letters and agreements (if any) describing the terms and conditions of any credit facility established by CIBC in favour of the Borrower.

Please indicate your acceptance of these terms by signing below and returning the enclosed copy to our attention no later than April 30, 2010.

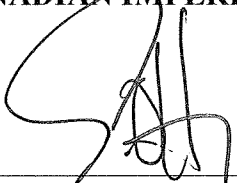
Yours truly,


Address: 560 Wellington Street
3rd Floor
London, Ontario
N6A 3R4

Phone: (519) 661-8008
Facsimile: (519) 679-8775
E-mail: stephen.otten@cibc.com

Phone: (416) 980-4969
Facsimile: (416) 861-9295
E-mail: cynthia.pitura@cibc.com

CANADIAN IMPERIAL BANK OF COMMERCE

By: 
Name: Stephen Otten
Title: Authorized Signatory

By: 
Name: Cynthia Pitura
Title: Authorized Signatory

Accepted this 23 day of April, 2010.

Address: 16 Graham St.
P.O. Box 1598 Stn Main
Woodstock, Ontario
N4S 0A8

WOODSTOCK HYDRO SERVICES INC.

By: Ross McMillan
Name: Ross McMillan
Title: President + CEO

By: Patti Eitel
Name: Patti Eitel
Title: Treasurer

SCHEDULE A - ADDITIONAL DEFINITIONS AND PROVISIONS

1. GENERAL

1.1 **Use of Funds, Returns.** The Borrower will use the Credits only for the purposes specified in this Agreement. The Borrower may not at any time exceed the limit of any Credit, and CIBC may, without notice to the Borrower, return any item that, if paid, would result in the limit of any Credit being exceeded. If, on the other hand, CIBC in its sole discretion elects to pay any such item, the Borrower will pay to CIBC immediately the amount by which the limit of the applicable Credit has been exceeded.

1.2 **Notice of Failure.** The Borrower will promptly notify CIBC of the occurrence of any failure to perform or observe any of its covenants in this Agreement.

1.3 **Confidentiality.** The terms of this Agreement are confidential between the Borrower and CIBC, and accordingly the Borrower will not disclose the contents of this Agreement to anyone except its professional advisors.

1.4 **Applying money received.** At any time that the Borrower has failed (beyond any period of grace permitted by CIBC) to perform or observe any of its covenants in this Agreement, all moneys received by CIBC from the Borrower or from any Security may be applied on such parts of the Borrower's liabilities to CIBC as CIBC may determine.

1.5 **Right of Set-Off.** At any time that the Borrower has failed (beyond any period of grace permitted by CIBC) to perform or observe any of its covenants in this Agreement, CIBC is authorized at any time to set-off and apply any deposits held by it and any other amounts owed by it to or for the credit of the Borrower against any and all of the obligations of the Borrower with respect to the Credits, irrespective of whether or not CIBC has made any demand and even though any such obligations may not yet be due and payable.

1.6 **Registration of Security.** The Security will be registered or filed in all jurisdictions and in all offices as CIBC considers necessary or advisable from time to time to create, perfect or protect any Lien created thereby.

1.7 **Expenses.** The Borrower will reimburse CIBC for all reasonable fees (including legal fees) and out-of-pocket expenses incurred in preparing and registering any Security, in responding to requests from the Borrower for waivers, amendments and other matters, and in enforcing CIBC's rights under this Agreement or any Security.

1.8 **Further information requirements.** The Borrower will provide such further information about its business and its Subsidiaries as is reasonably requested by CIBC from time to time, and such information shall be in a form acceptable to CIBC.

1.9 **Consent to release information.** CIBC may from time to time give any credit or other information about the Borrower to, or receive such information from, (i) any financial institution, credit reporting agency, rating agency or credit bureau, (ii) any person, firm or corporation with whom the Borrower may have or proposes to have financial dealings, and (iii) any person, firm or corporation in connection with any dealings the Borrower has or proposes to have with CIBC. The Borrower agrees that CIBC may use that information to establish and maintain the Borrower's relationship with CIBC and to offer any services as permitted by law, including services and products offered by CIBC's Subsidiaries when it is considered that this may be suitable to the Borrower.

1.10 **Further Assurances.** The Borrower will from time to time promptly upon request by CIBC do and execute all such acts and documents as may be reasonably required by CIBC to give effect to the Credits and the Security, and to any transfer pursuant to section 1.14 of this Schedule.

1.11 **Insurance.** The Borrower will keep all its assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for similar property and for any other risks CIBC may reasonably require. If CIBC requests, these policies will include a loss payable clause (and with respect to mortgage security, a mortgagee clause) in favour of CIBC. As further security, the Borrower assigns all insurance proceeds to CIBC. The Borrower will provide to CIBC either the policies themselves or adequate evidence of their existence. If any

insurance coverage for any reason stops, CIBC may (but shall have no obligation to) insure the property. Finally, the Borrower will notify CIBC immediately of any loss or damage to any of its property.

1.12 Environmental. The Borrower will, and will ensure that each of its Subsidiaries will, carry on its business, and maintain its assets and property in accordance with all applicable environmental, health and safety laws and regulations. If there occurs or occurred in the past any release, deposit, discharge or disposal of any substance that may cause any environmental harm or adverse environmental effect or that is or may be regulated by any law for the protection of the environment, human health or safety, (collectively, a "Discharge") in connection with the business or property of the Borrower or any of its Subsidiaries, and as a result CIBC suffers any third party claim, legal obligation, loss, expense or damage whatsoever, the Borrower will reimburse CIBC, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts that result (including amounts spent conducting any necessary environmental assessments or investigations or defending any third party claims or proceedings, government demands or orders). If CIBC asks, the Borrower will defend any third party claims or proceedings, investigations or prosecutions brought against CIBC or any of its directors, officers, employees and agents in connection with any Discharge. The Borrower's obligation under this section continues even after all Credits have been repaid and this Agreement has terminated.

1.13 Waiver. No delay on the part of CIBC in exercising any right or privilege will operate as a waiver thereof, and no waiver of any failure or default will operate as a waiver thereof unless made in writing and signed by an authorized officer of CIBC, or will be applicable to any other failure or default.

1.14 Assignment. CIBC may assign, sell or participate (herein referred to as a "transfer") all or any part of its rights and obligations under all or any of the Credits to any third party, and the Borrower agrees to sign any documents and take any actions that CIBC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Agreement as if it were a party to it, with respect to all rights and obligations included in the transfer. The Borrower may not assign any of its rights or obligations under any of the Credits.

1.15 Application to Subsidiaries. The Borrower will ensure that each of its Subsidiaries complies with sections 1.10, 1.11 and 1.12 of this Schedule, as if the references to the Borrower therein were references to each such Subsidiary.

1.16 Governing Law. This Agreement shall be governed by the laws of Ontario, Canada, and the Borrower submits itself to the jurisdiction of any competent federal or provincial court in such jurisdiction.

1.17 Counterparts. This Agreement may be executed in one or more counterparts, and all of such counterparts shall constitute the same agreement.

1.18 Certain Definitions. In this Agreement the following terms have the following meanings:

"Affiliate" means, with respect to any person, any other person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such person, and includes any person in like relation to an Affiliate. A person shall be deemed to control another person if the first person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means the attached letter agreement between CIBC and the Borrower, including this Schedule and any other Schedules thereto, as the same may be amended or supplemented from time to time.

"Business Day" means (i) with respect to any amount denominated in Canadian dollars and all matters pertaining thereto, any day excluding Saturday, Sunday and any day which is a legal holiday in Toronto, Canada; (ii) with respect to any amount denominated in US dollars (except as provided below) and all matters pertaining thereto, any day excluding Saturday, Sunday or any day which is a legal holiday in New York, U.S.A. or Toronto, Canada, and (iii) with respect to any LIBOR Loan and all matters pertaining thereto, any day which is a day for dealings by and between banks in US dollars in the London interbank

market, excluding Saturday, Sunday or any day which is a legal holiday in London, England or New York, U.S.A. or Toronto, Canada.

“Compliance Certificate” means an Officer’s Certificate stating, as of the applicable date, (i) that the Borrower is not in default of the observance or performance of any of its covenants in this Agreement (or describing any default then existing), (ii) that all representations and warranties contained in this Agreement are true and accurate as if made on and as of such date (or describing any thereof that are not then true and accurate), (iii) the particulars and calculation of all financial covenants of the Borrower contained in this Agreement, and (iv) where applicable, the amount and particulars of calculation of Receivable Value, Inventory Value and Priority Claims, and the resulting maximum available amount and undrawn amount of any Credit, as of such date. Unless otherwise prescribed by CIBC, a Compliance Certificate shall be substantially in the form attached to this Schedule A.

“Event of Default” means any of the following events or circumstances:

- (i) if the Borrower fails to pay any principal amount when due and payable;
- (ii) if the Borrower fails to pay any interest, fee or other amount (except principal) when due and payable and such failure continues for three Business Days or more;
- (iii) if the Borrower defaults in the performance or observance of any negative covenant contained in this Agreement;
- (iv) if the Borrower defaults in the performance or observance of any other term or covenant contained in this Agreement or the Security and such default continues for 30 days or more after the earlier of the date on which the Borrower first has actual knowledge of such default and the date on which written notice of such default is given to it by CIBC;
- (v) if any representation or warranty contained in this Agreement or the Security or in any certificate delivered to CIBC by or on behalf of the Borrower is untrue in any material respect on the date as of which it was made;
- (vi) if there is outstanding any amount or amounts exceeding an aggregate of \$100,000 (or the equivalent amount in any other currency) which any of the Borrower, its Subsidiaries, and the Corporation of the City of Woodstock has failed to pay when due and payable, or if any amount or amounts exceeding an aggregate of \$100,000 (or the equivalent amount in any other currency) may then be declared to be due and payable by any of the Borrower, its Subsidiaries, and the Corporation of the City of Woodstock prior to the stated maturity date thereof or prior to the regularly scheduled date for payment thereof;
- (vii) if it is or will become unlawful for any of the Borrower and its Subsidiaries to perform or comply with any of its obligations under this Agreement or the Security, or if any obligation of any of the Borrower and its Subsidiaries under this Agreement or the Security ceases to be its legal, valid, binding and enforceable obligation, or if the enforceability of this Agreement or any of the Security is disputed by any of the Borrower and its Subsidiaries, or if any of the Security ceases to constitute a Lien of the nature and priority contemplated by this Agreement;
- (viii) if any of the Borrower and its Subsidiaries commits an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada), or institutes proceedings for its winding up, liquidation or dissolution, or takes action to become a voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or other proceeding seeking reorganization, readjustment, arrangement, composition or similar relief under any bankruptcy law or insolvency law or consents to the filing of any such petition or other proceeding, or consents to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy or insolvency of the whole or any material part of its property, or makes an assignment for the benefit of creditors, or publicly announces or admits in writing its inability to pay its debts generally as they become due, or suspends or threatens to suspend transaction of all or any substantial part of its usual business, or

any action is taken by any of the Borrower and its Subsidiaries or any shareholder of any of them in furtherance of any of the foregoing;

- (ix) if proceedings are instituted in any court of competent jurisdiction by any person (other than any of the Borrower and its Subsidiaries or a shareholder of any of them) for the winding up, liquidation or dissolution of any of the Borrower and its Subsidiaries, or for any reorganization, readjustment, arrangement, composition or similar relief with respect to any of the Borrower and its Subsidiaries under any bankruptcy law or any other applicable insolvency law, or for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy or insolvency of the whole or any material part of the property of any of the Borrower and its Subsidiaries, and at any time thereafter such proceeding is not contested in good faith, or if any order sought in any such proceeding is granted;
- (x) if an encumbrancer (including without limitation an execution creditor) takes possession of any property of any of the Borrower and its Subsidiaries which in the opinion of CIBC is material;
- (xi) if there exists for any period of three consecutive Business Days one or more non-appealable judgements of a court of competent jurisdiction against any of the Borrower and its Subsidiaries for an aggregate amount exceeding \$100,000 (or the equivalent amount in any other currency) which has not been satisfied in full (exclusive of any amount adequately covered by insurance as to which the insurer has acknowledged coverage);
- (xii) if in the reasonable opinion of CIBC there has occurred any event which has had a Material Adverse Effect; or
- (xiii) if in the reasonable opinion of CIBC there is any change in the effective control of the Borrower.

“GAAP” means those accounting principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Canadian Institute of Chartered Accountants.

“Governmental Authority” means any nation, federal government, province, state, municipality or other political subdivision of any of the foregoing, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including the Ontario Energy Board and the IESO and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

“Investment” means, with respect to any person, any direct or indirect investment in or purchase or other acquisition of the securities of or any equity interest in any other person, any loan or advance to, or arrangement for the purpose of providing funds or credit to (excluding extensions of trade credit in the ordinary course of business in accordance with customary commercial terms), or capital contribution to, any other person, or any purchase or other acquisition of all or substantially all of the property of any other person.

“Lien” includes without limitation a mortgage, charge, lien, security interest or encumbrance of any sort on any property or asset, and includes conditional sales contracts, title retention agreements, capital trusts and capital leases.

“Material Adverse Effect” means a material adverse effect (including any regulatory changes made by any Governmental Authority or the loss of any material licence) on the business, property, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries, considered as a whole, or a material adverse effect on the ability of any of the Borrower and its Subsidiaries to perform its obligations under any of this Agreement and the Security to which it is a party.

“Normal Course Lien” means, at any time, the following:

- (xiv) Liens for taxes not overdue, or which are being contested if adequate reserves with respect thereto are maintained by the Borrower and its Subsidiaries in accordance with GAAP and the enforcement of any related Lien is stayed;
- (xv) undetermined or inchoate Liens arising in the ordinary course of business which relate to obligations not overdue or a claim for which has not been filed or registered pursuant to applicable law;
- (xvi) carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction or other similar Liens arising in the ordinary course of business which relate to obligations not overdue;
- (xvii) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or its Subsidiaries;
- (xviii) zoning and building by-laws and ordinances and municipal by-laws and regulations so long as the same are complied with;
- (xix) statutory Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;
- (xx) the reservations and exceptions contained in, or implied by statute in, the original disposition from the Crown and grants made by the Crown of interests so reserved or excepted;
- (xxi) Liens created by the Security; and
- (xxii) Liens in respect of which CIBC has given its specific written consent.

"Officer's Certificate" means a certificate, in form satisfactory to CIBC, signed by a senior officer of the Borrower.

"Operating Account" means Canadian dollar account no. 00852/97-16319 of the Borrower with CIBC or any such other account as is agreed upon by the Borrower and CIBC from time to time for the purposes hereof.

"Priority Claims" means, at any time, any liability of any of the Borrower and its Subsidiaries that ranks, in right of payment in any circumstances, equal to or in priority to any liability of the Borrower or such Subsidiary to CIBC, and may include unpaid wages, salaries and commissions, unremitted source deductions for vacation pay, arrears of rent, unpaid taxes, amounts owed in respect of worker's compensation, amounts owed to unpaid vendors who have a right of repossession, and amounts owing to creditors which may claim priority by statute or under a Purchase Money Lien.

"Purchase Money Lien" means any Lien which secures a Purchase Money Obligation permitted by this Agreement, provided that such Lien is created not later than 30 days after such Purchase Money Obligation is incurred and does not affect any asset other than the asset financed by such Purchase Money Obligation.

"Purchase Money Obligation" means any Debt (including without limitation a capitalized lease obligation) incurred or assumed to finance all or any part of the acquisition price of any asset acquired by any of the Borrower and its Subsidiaries or to finance all or any part of the cost of any improvement to any asset of any of the Borrower and its Subsidiaries, provided that such obligation is incurred or assumed prior to or within 30 days after the acquisition of such asset or the completion of such improvement and does not exceed the lesser of the acquisition price payable by the Borrower or such Subsidiary for such asset or improvement and the fair market value of such asset or improvement; and includes any extension, renewal or refunding of any such obligation so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased.

“Security” means, collectively, all of the items of any security held by CIBC for the indebtedness and liabilities, or any part or parts thereof, of the Borrower to CIBC.

“Subsidiary” of any person means any other person of which shares or other equity units having ordinary voting power to elect a majority of the board of directors or other individuals performing comparable functions, or which are entitled to or represent more than 50% of the owners’ equity or capital or entitlement to profits, are owned beneficially or controlled, directly or indirectly, by any one or more of such first person and the Subsidiaries of such first person, and shall include any other person in like relationship to a Subsidiary of such first person.

2. INTEREST RATES; PAYMENTS; CALCULATIONS

2.1 Interest Rates. Interest is payable with respect to:

- (i) excess amounts (provided that nothing herein shall be deemed to imply that the Borrower is entitled to obtain any such excess amount, or that the limit of a Credit is to be increased in any circumstance) above the limit of a Credit or a part of a Credit, as described in section 2.4 of this Schedule,
- (ii) amounts that are not paid when due, at the Interest Rate Applicable to Credit Limit Excesses, and
- (iii) any other amounts, at the rate specified in this Agreement.

2.2 Variable interest. Each variable interest rate provided for in this Agreement will change automatically, without notice, whenever the Prime Rate or the US Base Rate, as the case may be, changes.

2.3 Payment of interest. Interest is calculated on the applicable balance at the end of each day. Interest is payable in arrears once a month on the day required by CIBC, unless otherwise specified in this Agreement.

2.4 Interest Rate Applicable to Credit Limit Excesses. To determine whether the Interest Rate Applicable to Credit Limit Excesses is to be charged, the following rules apply:

- (a) The Interest Rate Applicable to Credit Limit Excesses will be charged on the amount that exceeds the limit of any particular Credit.
- (b) If there are several parts of a Credit, the Interest Rate Applicable to Credit Limit Excesses will be charged if the limit of a particular part is exceeded. For example, if Credit A’s limit is \$250,000, and the limit of one part of Credit A is \$100,000 and the limit of that part is exceeded by \$25,000, the Interest Rate Applicable to Credit Limit Excesses will be charged on that \$25,000 excess, even if the total amount outstanding under Credit A is less than \$250,000.
- (c) To determine if the limit of a Credit has been exceeded, any amounts in a currency other than the currency in which the limit is designated will be converted into that currency, as described in section 2.11 of this Schedule.

2.5 Interest on Overdue Amounts. Except as otherwise specified herein, if any principal is not paid when due, such overdue principal will bear interest (as well after as before judgement), payable on demand, at the interest rate applicable to such principal prior to default, and interest will be payable on overdue interest (as well after as before judgement) at the same rate as is applicable to the related principal. If any amount is not paid by the Borrower when due and there is no interest otherwise applicable to such amount specified herein, such overdue amount will bear interest (as well after as before judgement), payable on demand, at a rate per annum equal at all times to the Prime Rate plus 5% (in the case of any such amount payable in Canadian dollars) or the US Base Rate plus 5% (in the case of any such amount payable in US dollars) from the date of non-payment until paid in full.

2.6 Reductions of Limit of Credits. On or prior to each date on which the limit of any Credit is reduced, the Borrower will repay such outstanding amounts thereunder, if any, as are necessary so that, after giving effect to the repayment, the total of all amounts outstanding under such Credit does not exceed the limit as so reduced.

2.7 **Payments.** If any payment is due on a day other than a Business Day, such payment will be due on the next Business Day.

2.8 **CIBC's pricing policy.** The fees, interest rates and other charges for the Borrower's banking arrangements with CIBC are dependent upon each other. Accordingly, if the Borrower cancels or does not follow through with, in the manner originally contemplated, any of these arrangements, CIBC reserves the right to require payment by the Borrower of increased or added fees, interest rates and charges as a condition of the continuation of the Borrower's banking arrangements.

2.9 **Calculations.** The following terms apply to all calculations under the Credits:

- (a) CDOR, Federal Funds Rate, Bankers' Acceptance Yield, LIBO Rate, Prime Rate and US Base Rate shall be determined by CIBC if and whenever such determination is required for the purpose of this Agreement, and such determination by CIBC shall be conclusive evidence of such rate.
- (b) Except as provided in the next sentence, all interest and fees hereunder shall be computed on the basis of the actual number of days elapsed divided by 365. Interest on each LIBOR Loan shall be computed on the basis of the actual number of days elapsed divided by 360. Any such applicable interest rate, expressed as an annual rate of interest for the purpose of the *Interest Act* (Canada), shall be equivalent to such applicable interest rate multiplied by the actual number of days in the calendar year in which the same is to be determined and divided by 365 or 360, as the case may be.
- (c) In calculating interest or fees payable hereunder for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be excluded.

2.10 **CIBC's Records.** CIBC's loan accounting records will provide conclusive evidence of all terms and conditions of the Credits such as principal loan balances, interest calculations, and payment dates.

2.11 **Foreign Currency Conversion.** If it is necessary for any purpose relating to the Credits that an amount denominated in a currency other than Canadian dollars be expressed in or equated to an amount of Canadian dollars (such as, for example, to determine whether amounts denominated in US dollars that are outstanding under a Credit which has a limit specified in Canadian dollars exceed the limit of such Credit so as to make applicable the Interest Rate Applicable to Credit Limit Excesses), the applicable amount of Canadian dollars shall be determined by CIBC in accordance with its normal practice.

2.12 **Deemed Re-Investment Principle.** For the purpose of the *Interest Act* (Canada) and any other purpose, the principle of deemed re-investment of interest is not applicable to any calculation under this Agreement, and the rates of interest and fees specified in this Agreement are intended to be nominal rates and not effective rates or yields.

2.13 **Certain Definitions.** If and whenever required for the purpose of this Agreement, the following terms have the following definitions:

"CDOR" means, for any day, the average of the annual discount rates for bankers' acceptances denominated in Canadian dollars of certain banks named in Schedule 1 to the *Bank Act* (Canada) for a specified term and face amount that appears on the CDOR page of the Reuters Screen as of 10:00 a.m. on such day (or, if such day is not a Business Day, as of 10:00 a.m. on the next preceding Business Day).

"Federal Funds Rate" means, for any day, an annual interest rate equal to the weighted average of the rates on overnight United States federal funds transactions with members of the Federal Reserve System arranged by United States federal funds brokers, as published for such day (or, if such day is not a business day in New York, for the next preceding business day in New York) by the Federal Reserve Bank of New York, or for any such business day on which such rate is not so published, the arithmetic average of the quotations for such day on such transactions received by CIBC from three United States federal funds brokers of recognized standing selected by it.

“Interest Rate Applicable to Credit Limit Excesses” means the annual interest rate generally established by CIBC from time to time for the purpose of calculating interest on overdrafts in accounts maintained with CIBC in Canada.

“Prime Rate” means a fluctuating annual interest rate equal at all times to the greater of (i) the reference rate of interest (however designated) of CIBC for determining interest chargeable by it on loans in Canadian dollars made in Canada and (ii) 3/4 of 1% per annum above the CDOR for 30-day bankers’ acceptances from time to time.

“US Base Rate” means a fluctuating annual interest rate equal at all times to the greater of (i) the reference rate of interest (however designated) of CIBC for determining interest chargeable by it on loans in US dollars made in Canada, and (ii) 3/4 of 1% per annum above the Federal Funds Rate from time to time.

3. **NOTICE OF BORROWING; NOTICE OF REPAYMENT; OVERDRAFTS**

3.1 **Notice of Borrowing.** Whenever the Borrower desires to obtain any amount under a Credit (other than a loan by way of a permitted overdraft), it will give to CIBC irrevocable prior written notice (a “Notice of Borrowing”) specifying the Credit under which such amount is to be obtained and the particulars of such amount including the term of any Bankers’ Acceptances, the term of any LIBOR Period, the particulars of all maturing Bankers’ Acceptances in the case of a rollover or conversion of Bankers’ Acceptances, and the Business Day on which such amount is to be obtained. No amount shall be obtained if the term thereof or any LIBOR Period applicable thereto would mature beyond any scheduled repayment or reduction date for the applicable Credit and all or any part of such amount will be required to be repaid on such date. The amount to be obtained under any Credit at any time shall not exceed the undisbursed amount of that Credit at such time. CIBC will not be obliged to make available at any time LIBOR Loans in an aggregate amount less than US \$1,000,000. A notice requesting any loan in an amount exceeding \$10,000,000 or US \$10,000,000 (other than a LIBOR Loan) must be given not later than 10:00 a.m. on the Business Day preceding the applicable borrowing date; a notice requesting any Bankers’ Acceptances in an amount exceeding \$10,000,000 must be given not later than 10:00 a.m. on the second Business Day preceding the applicable borrowing date; and a notice requesting any LIBOR Loan must be given not later than 10:00 a.m. on the third Business Day preceding the applicable borrowing date.

3.2 **Notice of Repayment.** Whenever the Borrower desires to make any repayment or repayments under one or more of the Credits in an aggregate amount exceeding \$10,000,000 (or an equivalent amount in any other currency) on any day, it will give to CIBC irrevocable written notice specifying the particulars of such repayment not later than 10:00 a.m. on the Business Day preceding the applicable repayment date.

3.3 **Overdrafts.** If the Borrower is entitled under any Credit to obtain loans in Canadian dollars or US dollars by way of overdraft, the debit balance in the Borrower’s applicable Operating Account from time to time will be deemed to be a loan in Canadian dollars or US dollars, as the case may be, outstanding to the Borrower under such Credit and bearing interest as set out in this Agreement for loans in such currency under such Credit. If at any time the Borrower is a party to a cash concentration arrangement with CIBC, the amount of any overdraft from time to time in the Canadian dollar or US dollar concentration account of the Borrower established pursuant to such arrangement will also be deemed to be a loan in Canadian dollars or US dollars, as applicable, outstanding to the Borrower under the applicable Credit and bearing interest as set out above on the basis of the Prime Rate or the US Base Rate, as the case may be.

4. **INDEMNITIES**

4.1 **Reserve Indemnity.** If subsequent to the date of this Agreement any change in or introduction of any applicable law, or compliance by CIBC with any request or directive by any central bank, superintendent of financial institutions or other comparable authority, shall subject CIBC to any tax with respect to the Credits or change the basis of taxation of payments to CIBC of any amount payable under the Credits (except for changes in the rate of tax on the overall net income of CIBC), or impose any capital maintenance or capital adequacy requirement, reserve requirement or similar requirement with respect to the Credits, or impose on CIBC or the London interbank market (in the case of any matter relating to any actual or requested LIBOR Loan), any other condition or restriction, and the result of any of the foregoing is to increase the cost to CIBC of making or maintaining the Credits or any amount thereunder or to reduce any amount otherwise received by CIBC under the

Credits, CIBC will promptly notify the Borrower of such event and the Borrower will pay to CIBC such additional amount calculated by CIBC as is necessary to compensate CIBC for such additional cost or reduced amount received. A certificate of CIBC as to any such additional amount payable to it and containing reasonable details of the calculation thereof shall be conclusive evidence thereof.

4.2 Currency Indemnity. Interest and fees hereunder shall be payable in the same currency as the principal to which they relate. Any payment on account of an amount payable in a particular currency (the “proper currency”) made to or for the account of CIBC in a currency (the “other currency”) other than the proper currency, whether pursuant to a judgement or order of any court or tribunal or otherwise and whether arising from the conversion of any amount denominated in one currency into another currency for any purpose, shall constitute a discharge of the Borrower’s obligation only to the extent of the amount of the proper currency which CIBC is able, in the normal course of its business within one Business Day after receipt by it of such payment, to purchase with the amount of the other currency so received. If the amount of the proper currency which CIBC is able to purchase is less than the amount of the proper currency due to CIBC, the Borrower shall indemnify and save CIBC harmless from and against any loss or damage arising as a result of such deficiency.

4.3 Tax Indemnity. All payments by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, other than taxes imposed on the overall net income of CIBC or franchise taxes, taxes on doing business or taxes measured by the capital or net worth of CIBC (collectively “Excluded Taxes”), now or hereafter imposed, levied, collected, withheld or assessed by any country or any political subdivision thereof (collectively “Taxes”); provided, however, that if any Taxes are required to be withheld from any interest or other amount payable to the CIBC hereunder, the amount so payable to the CIBC shall be increased to the extent necessary to yield to CIBC, on a net basis after payment of all Taxes and after payment of all Excluded Taxes imposed by any relevant jurisdiction on any additional amounts payable under this section, interest or any such other amount payable hereunder at the rate or in the amount specified in this Agreement. The Borrower shall be fully liable and responsible for and shall, promptly following receipt of a request from CIBC, pay to CIBC any and all sales, goods and services taxes payable under the laws of Canada or any political subdivision thereof with respect to any and all goods and services made available hereunder to the Borrower by CIBC, and such taxes shall be included in the definition of “Taxes” for all purposes hereof. Whenever any Taxes are payable by the Borrower, as promptly as possible thereafter it shall send to CIBC, a certified copy of an original official receipt showing payment thereof. If the Borrower fails to pay any Taxes when due or fails to remit to CIBC as aforesaid the required documentary evidence thereof, the Borrower shall indemnify and save harmless CIBC from any incremental taxes, interest, penalties or other liabilities that may become payable by CIBC or to which CIBC may be subjected as a result of any such failure. A certificate of CIBC as to the amount of any such taxes, interest or penalties and containing reasonable details of the calculation thereof shall be *prima facie* evidence thereof.

4.4 Default Indemnity. The Borrower shall indemnify and save harmless CIBC from all claims, demands, liabilities, damages, losses, costs, charges and expenses, including any loss or expense arising from interest or fees payable by CIBC to lenders of funds obtained by it in order to make or maintain any amount under the Credits and any loss or expense incurred in liquidating or re-employing deposits from which such funds were obtained, which may be incurred by CIBC as a consequence of (i) default by the Borrower in the payment when due of any amount hereunder or the occurrence of any other default relative to any of the Credits, (ii) default by the Borrower in obtaining any amount after the Borrower has given notice hereunder that it desires to obtain such amount, (iii) default by the Borrower in making any optional repayment of any amount after the Borrower has given notice hereunder that it desires to make such repayment, or (iv) the repayment by the Borrower of any LIBOR Loan otherwise than on the expiration of any applicable LIBOR Period, or the repayment of any loan on which interest is payable at a fixed annual rate otherwise than on the expiration of the fixed interest rate period applicable thereto, or the repayment of any other amount otherwise than on any specified maturity date thereof. A certificate of CIBC as to any such loss or expense and containing reasonable details of the calculation thereof shall be *prima facie* evidence thereof.

5. CONDITIONS PRECEDENT

5.1 Conditions Precedent to the Initial Amount

CIBC shall not be obliged to make available the initial amount under the Credits unless:

- (a) CIBC shall have received the Security, which shall have been duly registered and filed as required hereby.
- (b) CIBC shall have received such financial and other information relating to the Borrower and its Subsidiaries, and any guarantor, as it shall have reasonably requested.
- (c) CIBC shall have received confirmation of all insurance maintained by the Borrower and its Subsidiaries, and such insurance shall comply with the requirements of this Agreement.
- (d) The Borrower shall have paid to CIBC all fees and other amounts which shall have become due and payable by it to CIBC on or prior to the initial borrowing date.
- (e) The following documents in form, substance and execution acceptable to CIBC shall have been delivered to CIBC:
 - (xxiii) a certified copy of the constating documents and by-laws of each of the Borrower and its Subsidiaries, and of each corporate guarantor, and of all corporate proceedings taken and required to be taken by each of them to authorize the execution and delivery of such of this Agreement and the Security to which it is a party and the performance of the transactions by it contemplated therein;
 - (xxiv) a certificate of incumbency for each of the Borrower and its Subsidiaries, and for each corporate guarantor, setting forth specimen signatures of the persons authorized to execute such of this Agreement and the Security to which it is a party;
 - (xxv) such legal opinions addressed to CIBC relative to the Borrower, this Agreement and the Security as CIBC may require; and
 - (xxvi) such other documents relative to this Agreement and the transactions contemplated herein as CIBC may reasonably require.

5.2 **Conditions Precedent to All Amounts**

CIBC shall not be obliged to make available any amount under the Credits unless:

- (a) CIBC shall have received any applicable Notice of Borrowing.
- (b) On the applicable borrowing date the Borrower shall not have failed to observe or perform any of its covenants in this Agreement, and the Borrower shall have delivered to CIBC, if so requested by CIBC, an Officers' Certificate to such effect.
- (c) The representations and warranties contained in this Agreement shall be true on and as of the applicable borrowing date with the same effect as if such representations and warranties had been made on and as of the applicable borrowing date, and the Borrower shall have delivered to CIBC, if so requested by CIBC, an Officers' Certificate to such effect.
- (d) All other conditions specified herein, to the extent not previously satisfied for any reason, other shall have been satisfied.
- (e) In respect of any amount that would result in the aggregate amount outstanding under the Credits being increased, there shall not have occurred subsequent to the date of last annual financial statements of the Borrower, in the opinion of CIBC, any event which (individually or with any other events) has had, or which has a reasonable possibility of having, a Material Adverse Effect.

6 REPRESENTATIONS AND WARRANTIES

6.1 **Representations and Warranties.** To induce CIBC to establish and maintain the Credits, the Borrower represents and warrants as follows:

- (a) Each of the Borrower and its Subsidiaries has all necessary power and authority to own its property, to carry on the business carried on by it, to enter into and perform its obligations under such of this Agreement and the Security to which it is a party, and in the case of the Borrower to obtain amounts under the Credits. Each of the Borrower and its Subsidiaries is in compliance with all applicable laws except to the extent that the failure to comply therewith would not, in the aggregate, have, or reasonably be expected to have, a Material Adverse Effect.
- (b) The Borrower has taken all action necessary to be taken to authorize the execution and delivery of and the performance of its obligations under this Agreement and the Security, and the obtaining of amounts under the Credits. Except as has been obtained and is in full force and effect, no consent, waiver or authorization of, or filing with or notice to, any person is required to be obtained in connection with the execution and delivery of and the performance by each of the Borrower and its Subsidiaries of its obligations under this Agreement and the Security, or the obtaining by the Borrower of amounts under the Credits. This Agreement and the Security have been duly executed and delivered by each of the Borrower and its Subsidiaries as are parties thereto, and constitute the legal, valid and binding obligation of each of them enforceable in accordance with their terms.
- (c) The execution and delivery by the Borrower and its Subsidiaries of this Agreement and the Security and the performance by them of their obligations thereunder, and the obtaining by the Borrower of amounts under the Credits, will not conflict with or result in a breach of any applicable law, and will not conflict with or result in a breach of or constitute a default under, or permit the termination of, or cause any material right of any of the Borrower and its Subsidiaries to be adversely affected under, any of the provisions of its constating documents or by-laws or any agreement, permit, instrument, judgement, injunction or other contractual obligation to which it is a party or by which it is bound, or result in the creation or imposition of any Lien (other than the Security) upon any of its property or assets.
- (d) Except as disclosed in writing by the Borrower to CIBC prior to the date of this Agreement with specific reference to this paragraph or, with respect to events occurring subsequent to the date of this Agreement, as the Borrower has otherwise disclosed in writing to CIBC with specific reference to this paragraph, there is no action, suit or proceeding (whether or not purportedly on behalf of any of the Borrower and its Subsidiaries) pending or, to the knowledge of the Borrower, threatened, against or affecting any of its Borrower and its Subsidiaries before any court or before or by any governmental department, commission or agency, in Canada or elsewhere, or before any arbitrator or board, and none of the Borrower and its Subsidiaries is in default with respect to any order or award of any arbitrator or government department, commission or agency.
- (e) The Borrower has delivered to CIBC a true and complete copy of its most recent financial statements, and such financial statements present fairly the financial position of the Borrower, in accordance with GAAP, as of the date thereof and for the fiscal period then ended. All financial statements of the Borrower delivered by the Borrower to CIBC after the date of this Agreement will present fairly the financial position of the Borrower, in accordance with GAAP, as of the dates thereof and for the fiscal periods then ended.
- (f) Since the date of the most recent financial statements of the Borrower delivered to CIBC, there has occurred no event which (individually or with any other events) has had, or which may reasonably be expected to have, a Material Adverse Effect.
- (g) The Borrower has not failed to observe or perform (beyond any period of grace permitted by CIBC) any of its covenants in this Agreement.
- (h) Except as disclosed in writing by the Borrower to CIBC prior to the date of this Agreement with specific reference to this paragraph, to the best knowledge of the Borrower, (i) the business carried on and the property owned or used at any time by any of the Borrower and its Subsidiaries and their respective

predecessors (including the lands owned or occupied by any of them and the waters on or under such lands) have at all times been carried on, owned or used in compliance with all environmental laws; (ii) none of the Borrower and its Subsidiaries is subject to any proceeding alleging the violation of any environmental law, and no part of its business or property is the subject of any proceeding to evaluate whether remedial action is needed as a result of the release from or presence of any hazardous substance on any lands owned or occupied by it; (iii) there are no circumstances that could reasonably be expected to give rise to any civil or criminal proceedings or liability regarding the release from or presence of any hazardous substance on any lands used in or related to the business or property of any of the Borrower and its Subsidiaries or on any lands on which any of the Borrower and its Subsidiaries has disposed or arranged for the disposal of any materials arising from the business carried on by it, or regarding the violation of any environmental law by any of the Borrower and its Subsidiaries or by any other person for which it is responsible; (iv) all hazardous substances disposed of, treated or stored on lands owned or occupied by any of the Borrower and its Subsidiaries have been disposed of, treated and stored in compliance with all environmental laws; (v) there are no proceedings and there are no circumstances or material facts which could give rise to any proceeding in which it is or could be alleged that any of the Borrower and its Subsidiaries is responsible for any domestic or foreign clean up or remediation of lands contaminated by hazardous substances or for any other remedial or corrective action under any environmental laws; (vi) each of the Borrower and its Subsidiaries has maintained all environmental and operating documents and records relating to its business and property in the manner and for the time periods required by any environmental laws and has never had conducted an environmental audit of its business or property; and (vii) the Borrower is not aware of any pending or proposed change to any environmental law which would render illegal or materially adversely affect its business or property.

- (i) No representation or warranty made by the Borrower herein or in any other document furnished to CIBC from time to time contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they are made, not misleading. All projections and *pro forma* information delivered to CIBC from time to time by the Borrower were prepared in good faith based on assumptions believed by the Borrower to be reasonable at the time of delivery. There is no fact known to the Borrower on the date of this Agreement which has had, or which has a reasonable possibility of having, a Material Adverse Effect.

6.2 **Survival.** All representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and the obtaining of amounts under the Credits, and the delivery of each Notice of Borrowing and the obtaining of any amount under any Credit shall constitute a reaffirmation on and as of such delivery date and such borrowing date, in each case by reference to the then-existing facts and circumstances, of all representations and warranties contained in this Agreement.

7. FINANCIAL COVENANTS

7.1 **Calculation.** All financial covenants will be calculated including the Borrower and its Subsidiaries on a consolidated basis, and each amount derived from the Borrower's profit and loss statement shall be calculated as the total of such amount during the Borrower's four most recently-completed fiscal quarters (or, if agreed upon by CIBC in its sole discretion, during the Borrower's most recently-completed fiscal year), as shown in the Borrower's most recent financial statements delivered to CIBC.

7.2 **Certain Definitions.** In this Agreement the following terms have the following meanings:

"Available Cash Flow" means EBITDA less the sum of Debt Service Requirements, Unfunded Capital Expenditures and cash payments in lieu of taxes.

"Cash Flow Debt Service Ratio" means the ratio of (i) EBITDA less cash payments in lieu of taxes to (ii) Debt Service Requirements on a consolidated basis.

"Capitalization" means Debt plus Shareholders' Equity plus minority interest.

“Debt” means, with respect to any person, (i) an obligation of such person for borrowed money, (ii) an obligation of such person evidenced by a note, bond, debenture or other similar instrument, (iii) an obligation of such person for the deferred purchase price of property or services, excluding trade payables and other accrued current liabilities incurred in the ordinary course of business in accordance with customary commercial terms, (iv) a capitalized lease obligation of such person, (v) a guarantee, indemnity, or financial support obligation of such person, determined in accordance with GAAP, (vi) an obligation of such person or of any other person secured by a Lien on any property of such person, even though such person has not otherwise assumed or become liable for the payment of such obligation, (vii) an obligation arising in connection with an acceptance facility or letter of credit issued for the account of such person, or (viii) a share in the capital of such person that is redeemable by such person either at a fixed time or on demand by the holder of such share (valued at the maximum purchase price at which such person may be required to redeem, repurchase or otherwise acquire such share).

“Debt to Capitalization Ratio” means the ratio of all Debt of the Borrower and its Subsidiaries on a consolidated basis, to Capitalization.

“Debt Service Requirements” means (i) all permanent principal payments in respect of Debt made or required to be made during such period, (ii) Interest Expense for such period, and (iii) all dividends paid during such period on all preferred shares of the Borrower.

“EBITDA” means, for any period, Net Income for such period plus all amounts deducted in the calculation thereof on account of Interest Expense, income taxes, depreciation and amortization.

“Interest Expense” means, for any period, the aggregate amount accrued (whether or not payable or paid) during such period in accordance with GAAP on account of (i) interest expense including amortization of debt discount and debt issuance costs, capitalized interest, standby fees, commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptances and (ii) the interest expense components of all capitalized lease obligations.

“Net Income” means, for any period, the consolidated net income (loss) of the Borrower for such period, calculated in accordance with GAAP [before extraordinary items] [but excluding (i) the income (or loss) of any person accrued prior to the date it becomes a Subsidiary of the Borrower or is amalgamated with or consolidated into the Borrower or into any of its Subsidiaries or such person’s property is acquired by the Borrower or any of its Subsidiaries, and (ii) any after-tax gains (but not pre-tax losses) attributable to dispositions of property out of the ordinary course of business].

“Postponed Debt” means any Debt for borrowed money of any of the Borrower and its Subsidiaries that is incurred at such time as no failure by the Borrower to perform or observe any of its covenants in this Agreement is continuing or would be created by the incurrence thereof (to be evidenced by *pro forma* financial statements delivered to CIBC) and which has the following attributes: (i) no principal thereof is repayable so long as any amount is owed by the Borrower to CIBC (or until such earlier date as CIBC may agree upon in writing), (ii) no covenant with respect to such Debt is more onerous than or in addition to the covenants specified herein, and (iii) all rights of the holder of such Debt are postponed and subordinated to all rights of CIBC under or in respect of the Credits pursuant to a subordination agreement containing payment and non-payment default standstills and other provisions satisfactory in form and substance to CIBC.

“Restricted Payments” means any payment by any person (i) of any dividends on any of its shares, (ii) on account of the purchase, redemption or other acquisition of any of its shares or any rights to acquire any such shares, or any other distribution in respect of any of its shares, (iii) of any principal, interest or other amount in respect of any Postponed Debt, or (iv) by way of gift or other gratuity or in an amount exceeding an arms-length amount to any of its shareholders or affiliates or to any director or officer thereof.

“Shareholders’ Equity” means the amount which would, in accordance with GAAP, then be included as shareholders’ equity on a consolidated balance sheet of the Borrower.

“Unfunded Capital Expenditures” means capital expenditures that are not specifically financed with long term Debt.

8. BANKERS’ ACCEPTANCES

8.1 Power of Attorney. To facilitate the issuance of Bankers’ Acceptances under the Credits, the Borrower appoints CIBC to execute, endorse and deliver on behalf of the Borrower drafts in the form or forms prescribed by CIBC for bankers’ acceptances denominated in Canadian dollars (each such executed draft which has not yet been accepted by CIBC is referred to herein as a “Draft”). Each Bankers’ Acceptance executed and delivered by CIBC on behalf of the Borrower as provided herein shall be binding upon the Borrower as if it had been executed and delivered by a duly authorized officer or officers of the Borrower.

8.2 Drafts. Notwithstanding the above section, the Borrower will from time to time provide to CIBC if so required by CIBC an appropriate number of Drafts drawn by the Borrower upon CIBC and payable and endorsed as specified by CIBC. The dates, maturity dates and face amounts of all Drafts delivered by the Borrower shall be left blank, to be completed by CIBC as required. All such Drafts shall be held by CIBC subject to the same degree of care as if they were such Lender’s own property. CIBC will, upon written request by the Borrower, advise the Borrower of the number and designations, if any, of the Drafts of the Borrower then held by it. CIBC shall not be liable for its failure to accept a Draft as required hereby if the cause of such failure is, in whole or in part, due to the failure of the Borrower to provide appropriate Drafts to CIBC on a timely basis.

8.3 Term and Amount. The term of all Bankers’ Acceptances issued pursuant to any Notice of Borrowing must be identical. Each Bankers’ Acceptance shall be in a face amount of \$100,000 or any whole multiple thereof, and the aggregate face amount of Bankers’ Acceptances issued pursuant to any Notice of Borrowing must not be less than \$100,000. Each Bankers’ Acceptance will be dated the date on which it is issued, and will be for a term of one, two, three or six months or such other period as may be agreed to by CIBC.

8.4 Calculation of Fee. The fee for any Bankers’ Acceptance will be calculated, at the rate specified, on the basis of the face amount and term of such Bankers’ Acceptance.

8.5 Payment of Fee. Upon acceptance of a Draft the Borrower will pay to CIBC the related fee specified in this Agreement, and to facilitate payment CIBC will be entitled to deduct and retain for its own account the amount of such fee from the amount to be paid by CIBC to the Borrower as the purchase price for the resulting Bankers’ Acceptance.

8.6 Purchase by CIBC. Each Bankers’ Acceptance will be purchased by CIBC for a price which produces a yield thereon equal to the Bankers’ Acceptance Yield then in effect. Such price will be credited by CIBC to the applicable Operating Account.

8.7 No Market. If CIBC determines in good faith, which determination will be conclusive and binding on the Borrower, and so notifies the Borrower, that there does not exist at the applicable time a normal market in Canada for the purchase and sale of bankers’ acceptances, then notwithstanding any other provision hereof any obligation of CIBC to purchase Bankers’ Acceptances will be suspended until CIBC determines that such market does exist and gives notice thereof to the Borrower, and any Notice of Borrowing requesting Bankers’ Acceptances will be deemed to be a Notice of Borrowing requesting Loans in Canadian dollars in a similar aggregate principal amount.

8.8 Payment on Maturity. On the maturity of each Bankers’ Acceptance the Borrower will pay to CIBC, for the account of the holder of such Bankers’ Acceptance, Canadian dollars in an amount equal to the face amount of such Bankers’ Acceptance. The obligation of the Borrower to make such payment is absolute and unconditional, and will not be prejudiced by the fact that the holder of any such Bankers’ Acceptance is CIBC. No days of grace may be claimed by the Borrower for the payment at maturity of any Bankers’ Acceptance. If the Borrower does not make such payment, the amount of such payment shall be deemed to be a loan in Canadian dollars made to the Borrower by CIBC and payable on demand. The Borrower hereby confirms the application of the proceeds of such loan in payment of the liability of the Borrower with respect to the related Bankers’ Acceptance.

8.9 Cash Collateralization. If any Bankers’ Acceptance is outstanding at any time that an Event of Default occurs, the Borrower will forthwith upon demand by CIBC pay to CIBC, for the account of the holder of such

Bankers' Acceptance, Canadian dollars in an amount equal to the face amount thereof. Such funds shall be held by CIBC for payment of the liability of the Borrower in respect of such Bankers' Acceptance on the maturity thereof.

8.10 Signatures on Drafts. The signature of any duly authorized officer of the Borrower on a Draft may be mechanically reproduced in facsimile, and all Drafts bearing such facsimile signature shall be binding upon the Borrower as if they had been manually signed by such officer, notwithstanding that such person whose manual or facsimile signature appears on such Draft may no longer hold office at the date thereof or at the date of acceptance of such Draft by CIBC or at any time thereafter.

8.11 Undisbursed Credit. For the purpose of calculating the undisbursed amount of any Credit and for any other relevant provision of this Agreement, the amount constituted by any Bankers' Acceptance shall be the face amount thereof.

8.12 Certain Definitions. In this Agreement the following terms shall have the following meanings:

"Bankers' Acceptance" or "B/A" means a Draft which has been accepted by CIBC pursuant to a Credit.

"Bankers Acceptance Yield" means, with respect to any Bankers' Acceptance to be purchased by CIBC at any time, the annual yield resulting from the price at which CIBC is offering to purchase at such time bankers' acceptances accepted by it having a term identical to such Bankers' Acceptance and in a comparable face amount to the Bankers' Acceptances to be purchased by CIBC from the Borrower at such time.

"face amount" means, with respect to any Bankers' Acceptance, the principal amount thereof payable on the maturity thereof.

9. LETTERS OF CREDIT

The following terms apply to each Letter of Credit issued by CIBC for the Borrower whether issued under any Credit or otherwise.

9.1 Reimbursement, Payment or Prepayment. The Borrower agrees, forthwith upon demand by CIBC, to provide CIBC with cash in the proper currency to meet each drawing that CIBC is required to pay under an L/C or to reimburse CIBC for each drawing that CIBC has paid under an L/C. If we demand payment of any Credit under which a Letter of Credit is outstanding, or if the Borrower elects to permanently repay or terminate any Credit under which a Letter of Credit is outstanding, the Borrower must provide CIBC with cash, in the same currency as the L/C, or marketable securities satisfactory to us (collectively the "Cash Collateral") in an amount equal to CIBC's maximum potential liability under the L/C. The Cash Collateral will be held by us as security for, and may be applied to satisfy obligations under the L/C or otherwise under any Credit. We shall release any Cash Collateral that is no longer required for such purposes.

9.2 Neither CIBC nor any of its correspondents shall be liable for the use which may be made with respect to any L/C; any acts or omissions of the beneficiary of any L/C including the application of any payment made to such beneficiary; the form, validity, sufficiency, correctness, genuineness or legal effect of any document relating to any L/C, even if such document should prove to be in any respect invalid, insufficient, inaccurate, fraudulent or forged; any failure of the beneficiary of any L/C to meet the obligations of such beneficiary to the Borrower or to any other person; or any failure by CIBC to make payment under any L/C as a result of any law, control or restriction rightfully or wrongfully exercised or imposed by any domestic or foreign court or government or governmental authority or as a result of any other cause beyond the control of CIBC. The obligations of the Borrower under this Clause 9 are absolute and unconditional under all circumstances including without limitation any matter referred to above.

9.3 Indemnity. The Borrower hereby indemnifies and agrees to hold CIBC harmless from all losses, damages, costs, demands, claims, expenses (including out-of-pocket expenses) and other consequences which CIBC may incur, sustain or suffer, other than as a result of its own negligence or willful misconduct, as a result of issuing or amending an L/C, including legal and other expenses incurred by CIBC in any action to compel payment by CIBC under an L/C or to restrain CIBC from making payment under an L/C. Any amounts due under this indemnity shall form part of the Debt.

9.4 L/C Fees. Unless the Borrower has made other arrangements with us, we will automatically debit the operating account of the Borrower for all fees payable with respect to L/Cs. Any Overdraft in the operating account in excess of any Credit Limit attached to the operating account will bear interest at the Excess Interest Rate.

9.5 Standard Agreements. The terms and conditions of our standard Application for Irrevocable Documentary Credit or Application for Standby Letter of Credit, as applicable, and any of our other standard documentation relating to L/C's, in effect from time to time will be applicable to each L/C whether or not any such Application or other documentation has been executed by or on behalf of the Business. A copy of any such Application or other documentation is available from CIBC.

9.6 Unless otherwise specified in the applicable Application or other documentation referred to above, and subject to any provision herein to the contrary, each L/C shall be subject to the Uniform Customs and Practice for Documentary Credits or the International Standby Practices, as applicable, of the International Chamber of Commerce current at the time of issuance of such L/C.

9.7 Cash Collateralization. If any Letter of Credit is outstanding at any time that the Borrower has failed to perform or observe (beyond any period of grace permitted by CIBC) any of its covenants in this Agreement, the Borrower will forthwith pay to CIBC, in the currency of such Letter of Credit, funds in an amount equal to the total maximum actual and contingent liability of CIBC pursuant thereto. Such funds will be held by CIBC for payment of the liability of the Borrower in respect of such Letter of Credit, and any excess thereof will be applied to any other liabilities of the Borrower pursuant to the Credits or will be returned to the Borrower at such time as no such liabilities exist or may arise.

9.8 Undisbursed Credit. For the purpose of calculating the undisbursed amount of any Credit and for any other relevant provision of this Agreement, the amount constituted by any Letter of Credit shall be the total maximum actual and contingent liability of CIBC pursuant thereto.

9.9 Definitions. In this Agreement, the following terms shall have the following meanings:

“Documentary L/C Sublimit” has the meaning specified under “Description and Rate” in the description of the Demand Operating Credit herein.

“Letter of Credit” or “L/C” means a documentary or standby letter of credit, a letter of guarantee or a similar instrument, in form and substance satisfactory to CIBC.

“L/C Acceptance” means an outstanding bill of exchange drawn by the beneficiary of a documentary L/C and which CIBC has accepted and is therefore obligated to pay at maturity.

“Undrawn Documentary L/C Sublimit” means the Documentary L/C Sublimit then in effect less the undrawn amount of all documentary L/Cs then outstanding under the Demand Operating Credit herein.

10. INSTALMENT LOANS

10.1 Instalment Loans. The following terms apply to each Instalment Loan:

(a) **Non-revolving Loans.** Unless otherwise stated in this Agreement, any Instalment Loan is non-revolving. This means that any principal repayment is not available to be re-borrowed, and permanently reduces the amount of such Instalment Loan.

(b) **Floating Rate Instalment Loans.** Floating Rate Instalment Loans may have either (i) blended payments or (ii) payments of fixed principal amounts, plus interest, as described below:

(i) **Blended payments.** If a Floating Rate Instalment Loan has blended payments, the amount of the monthly payments is fixed for the term of such Loan, but the interest rate will vary with changes in the Prime Rate on the US Base Rate (as the case may be). If the Prime Rate or the US Base Rate during any month is lower than it was at the outset, a larger portion of the monthly payment will be allocated to

principal and as a result such Loan may be repaid prior to its original maturity. If, however, the Prime Rate or the US Base Rate is higher than it was at the outset, the amount of principal that is repaid will be reduced, and as a result there may remain principal outstanding on the original maturity date.

(ii) **Payments of principal plus interest.** If a Floating Rate Instalment Loan has specified principal payments, in addition to interest, such principal payments are due on each specified payment date. The interest payment is also due on the same date, and will usually be a different amount each month due to the reducing balance of the Loan, the number of days in the month, and changes in the Prime Rate or the US Base Rate (as the case may be) during the month and from month to month.

(c) **Prepayment.** Unless otherwise specified in this Agreement:

(i) all or part of a Floating Rate Instalment Loan may be prepaid at any time without penalty; and

(ii) all (but not part) of a Fixed Rate Instalment Loan may be prepaid provided that the Borrower also pays to CIBC, on the prepayment date, any amount determined by CIBC pursuant to clause 4.4(iv) of this Schedule.

(d) **Demand of Fixed Rate Instalment Loans.** Upon demand for payment of a Fixed Rate Instalment Loan the Borrower will pay to CIBC the prepayment fee specified in clause 10.1(c)(ii) above.

(e) **Certain Definitions.** In this Agreement the following terms have the following meanings:

“Fixed Rate Instalment Loan” means an Instalment Loan with respect to which interest is payable at a fixed annual rate of interest (as opposed to being payable on the basis of the Prime Rate or the US Base Rate).

“Floating Rate Instalment Loan” means an Instalment Loan with respect to which interest is payable on the basis of the Prime Rate or the US Base Rate.

“Instalment Loan” means a loan that is repayable either in fixed instalments of principal, plus interest, or in blended instalments of both principal and interest, and that (notwithstanding any such specified instalments) is repayable on demand by CIBC at any time if so specified in this Agreement.

SEC Interrogatories

Appendix B

WHSI ISDA and Schedule



International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

dated as of July 8, 2008

CANADIAN IMPERIAL BANK OF COMMERCE

and

WOODSTOCK HYDRO SERVICES INC.

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this 2002 Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties or otherwise effective for the purpose of confirming those Transactions. This 2002 Master Agreement and the Schedule are together referred to as this "Master Agreement".

Accordingly, the parties agree as follows:-

1. Interpretation

- (a) **Definitions.** The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings therein specified for the purpose of this Master Agreement
- (b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.
- (c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment); such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

(b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting of Payments.** If on any date amounts would otherwise be payable;—

- (i) in the same currency; and
- (ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that "Multiple Transaction Payment Netting" applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) **Deduction or Withholding for Tax.**

(i) **Gross-Up.** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:—

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and

(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:—

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) **Liability.** If:—

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(d), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any "Additional Representation" is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) **Basic Representations.**

(i) **Status.** It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

- (iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
- (v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).
- (b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.
- (c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it, any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.
- (d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.
- (e) **Payer Tax Representation.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.
- (f) **Payee Tax Representations.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.
- (g) **No Agency.** It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

- (a) **Furnish Specified Information.** It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:—
 - (i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;
 - (ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorisations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply With Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) **Tax Agreement.** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) **Payment of Stamp Tax.** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction"), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

(a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an "Event of Default") with respect to such party:—

(i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) required to be made by it if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party;

(ii) **Breach of Agreement; Repudiation of Agreement.**

(1) Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied within 30 days after notice of such failure is given to the party; or

(2) the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any

Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) ***Credit Support Default.***

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) ***Misrepresentation.*** A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) ***Default Under Specified Transaction.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross-Default.** If "Cross-Default" is specified in the Schedule as applying to the party, the occurrence or existence of:—

(1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in clause (2) below, is not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of not less than the applicable Threshold Amount;

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution:—

- (1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or
- (2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5(c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified in clause (iv) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below or an Additional Termination Event if the event is specified pursuant to clause (vi) below:—

(i) **Illegality.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):

- (1) for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or
- (2) for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) **Force Majeure Event.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:—

- (1) the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or

impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

(2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day),

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) **Tax Event.** Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) **Tax Event Upon Merger.** The party (the "Burdened Party") on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to, or reorganising, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) **Credit Event Upon Merger.** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, "X") and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A "Designated Event" with respect to X means that:--

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the

date of this Master Agreement) to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) **Additional Termination Event.** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) ***Hierarchy of Events.***

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5(a)(ii)(1) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) ***Deferral of Payments and Deliveries During Waiting Period.*** If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:—

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) ***Inability of Head or Home Office to Perform Obligations of Branch.*** If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party's head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or

compliance with the relevant provision by the Affected Party's head or home office and (iv) the Affected Party's head or home office fails so to perform or comply due to the occurrence of an event or circumstance which would, if that head or home office were the Office through which the Affected Party makes and receives payments and deliveries with respect to the relevant Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and such failure would otherwise constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) with respect to such party, then, for so long as the relevant event or circumstance continues to exist with respect to both the Office referred to in Section 5(b)(i)(1) or 5(b)(ii)(1), as the case may be, and the Affected Party's head or home office, such failure will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1).

6. Early Termination; Close-Out Netting

(a) **Right to Terminate Following Event of Default.** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) Right to Terminate Following Termination Event.

(i) **Notice.** If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) **Transfer to Avoid Termination Event.** If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) **Two Affected Parties.** If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.

(iv) *Right to Terminate.*

(1) If:—

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:—

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) *Effect of Designation.*

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Sections 6(e) and 9(h)(ii).

(d) **Calculations; Payment Date.**

(i) **Statement.** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (I) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) **Payment Date.** An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or, if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

(e) **Payments on Early Termination.** If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the "Early Termination Amount") will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) **Events of Default.** If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) **Termination Events.** If the Early Termination Date results from a Termination Event:—

(1) **One Affected Party.** Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) **Two Affected Parties.** Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party "X") and the lower amount so determined (by party "Y") and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.

(3) *Mid-Market Events.* If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or Close-out Amounts, the Determining Party will:—

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party's Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) *Adjustment for Bankruptcy.* In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) *Adjustment for Illegality or Force Majeure Event.* The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) *Pre-Estimate.* The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks, and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) *Set-Off.* Any Early Termination Amount payable to one party (the "Payee") by the other party (the "Payer"), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be ("X") (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts ("Other Amounts") payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii) and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:—

- (a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and
- (b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) **Payment in the Contractual Currency.** Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) **Judgments.** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in clause (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using

commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) *Separate Indemnities.* To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) *Evidence of Loss.* For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) *Entire Agreement.* This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) *Amendments.* An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system.

(c) *Survival of Obligations.* Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) *Remedies Cumulative.* Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) Counterparts and Confirmations.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation will be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex, electronic message or e-mail constitutes a Confirmation.

(f) *No Waiver of Rights.* A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) *Headings.* The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

(h) *Interest and Compensation.*

(i) *Prior to Early Termination.* Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:---

(1) *Interest on Defaulted Payments.* If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

(2) *Compensation for Defaulted Deliveries.* If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) *Interest on Deferred Payments.* If:---

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5(d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event

continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) *Compensation for Deferred Deliveries. If:—*

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) *Early Termination.* Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:—

(1) *Unpaid Amounts.* For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination in the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) *Interest on Early Termination Amounts.* If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) *Interest Calculation.* Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.

10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking or its jurisdiction of incorporation or organisation, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) *Effectiveness.* Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:---

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;
- (v) if sent by electronic messaging system, on the date it is received; or

- (vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

- (b) **Change of Details.** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

- (a) **Governing Law.** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

- (b) **Jurisdiction.** With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement ("Proceedings"), each party irrevocably:—

- (i) submits:—

(1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or

(2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;

- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

- (iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

- (c) **Service of Process.** Each party irrevocably appoints the Process Agent, if any, specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

- (d) **Waiver of Immunities.** Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:—

"Additional Representation" has the meaning specified in Section 3.

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Agreement" has the meaning specified in Section 1(c).

"Applicable Close-out Rate" means:—

(a) in respect of the determination of an Unpaid Amount:—

(i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;

(iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and

(iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and

(b) in respect of an Early Termination Amount:—

(i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:—

(1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;

(2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and

(3) in all other cases, the Applicable Deferral Rate; and

(ii) for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:—

- (1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;
- (2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;
- (3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and
- (4) in all other cases, the Termination Rate.

“Applicable Deferral Rate” means:—

- (a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;
- (b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and
- (c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

“Automatic Early Termination” has the meaning specified in Section 6(a).

“Burdened Party” has the meaning specified in Section 5(b)(iv).

“Change in Tax Law” means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant Transaction.

“Close-out Amount” means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in

Section 2(a)(iii)) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information:—

- (i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;
- (ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or
- (iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party's Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:—

- (1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and

(2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

"Confirmation" has the meaning specified in the preamble.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Contractual Currency" has the meaning specified in Section 8(a).

"Convention Court" means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Cross-Default" means the event specified in Section 5(a)(vi).

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Designated Event" has the meaning specified in Section 5(b)(v).

"Determining Party" means the party determining a Close-out Amount.

"Early Termination Amount" has the meaning specified in Section 6(e).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"electronic messages" does not include e-mails but does include documents expressed in markup languages, and **"electronic messaging system"** will be construed accordingly.

"English law" means the law of England and Wales, and **"English"** will be construed accordingly.

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Force Majeure Event" has the meaning specified in Section 5(b).

"General Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority), and **"unlawful"** will be construed accordingly.

"Local Business Day" means (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment and, if that currency does not have a single recognised principal financial centre, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day (or a day that would have been a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

"Local Delivery Day" means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

"Master Agreement" has the meaning specified in the preamble.

"Merger Without Assumption" means the event specified in Section 5(a)(viii).

"Multiple Transaction Payment Netting" has the meaning specified in Section 2(c).

"Non-affected Party" means, so long as there is only one Affected Party, the other party.

"Non-default Rate" means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Other Amounts" has the meaning specified in Section 6(f).

"Payee" has the meaning specified in Section 6(f).

"Payer" has the meaning specified in Section 6(f).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Proceedings" has the meaning specified in Section 13(b).

"Process Agent" has the meaning specified in the Schedule.

"rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Schedule" has the meaning specified in the preamble.

"Scheduled Settlement Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Stamp Tax Jurisdiction" has the meaning specified in Section 4(e).

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means, with respect to any Early Termination Date, (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date or, if Automatic Early Termination applies, immediately before that Early Termination Date.

"Termination Currency" means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Threshold Amount" means the amount, if any, specified as such in the Schedule.

"Transaction" has the meaning specified in the preamble.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) or due but for Section 5(d)) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii) or 5(d)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest accrued or other

compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

"Waiting Period" means:-

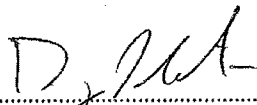
(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

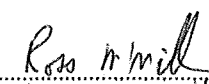
(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

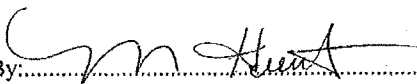
IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

CANADIAN IMPERIAL BANK OF COMMERCE

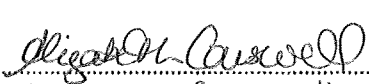
WOODSTOCK HYDRO SERVICES INC.

By: 
Name: Douglas Isbister
Title: General Manager

By: 
Name: Ross McMillan
Title: President & CEO

By: 
Name:
Title:

Michele Hunt
Assistant General Manager

By: 
Name: Elizabeth Carswell
Title: Manager of Internal Services

ISDA

International Swaps and Derivatives Association, Inc.

SCHEDULE to the 2002 Master Agreement

dated as of July 8, 2008

between

Canadian Imperial Bank of Commerce ("Party A")

-and-

Woodstock Hydro Services Inc. ("Party B")

Part 1. Termination Provisions.

(a) **"Specified Entity"** means:—

- (i) in relation to Party A for the purpose of:
Section 5(a)(v) {Default under Specified Transaction}, Inapplicable.
Section 5(a)(vi) {Cross Default}, Inapplicable.
Section 5(a)(vii) {Bankruptcy}, Inapplicable.
Section 5(b)(iv) {Credit Event Upon Merger}, Inapplicable.

- (ii) in relation to Party B for the purpose of:
Section 5(a)(v) {Default under Specified Transaction}, Affiliates
Section 5(a)(vi) {Cross Default}, Affiliates
Section 5(a)(vii) {Bankruptcy}, Affiliates
Section 5(b)(iv) {Credit Event Upon Merger}, Affiliates

(b) **"Specified Transaction"** will have the meaning specified in Section 14 of this Agreement.

(c) The **"Cross Default"** provisions of Section 5(a)(vi) will apply to Party A and will apply to Party B, but shall exclude any default that results solely from wire transfer difficulties or an error or omission of an administrative or operational nature (so long as sufficient funds are available to the relevant party on the relevant date), but only if payment is made within three Business Days after such transfer difficulties have been corrected or the error or omission has been discovered.

"Specified Indebtedness" means any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of money borrowed or raised or in respect of any Specified Transaction (except that, for this purpose only, the words "and any other entity" shall be substituted for the words "and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party)" where they appear in the definition of Specified Transaction, as set out in Section 14 of this Agreement, unamended by the provisions hereof). Notwithstanding the foregoing, in the case of Party A, Specified Indebtedness shall not include deposits received in the ordinary course its banking business, to the extent that repayment of such deposits is prevented by governmental, judicial or regulatory action unless such action is taken in an insolvency situation.

"Threshold Amount" means with respect to Party A, an amount equivalent to 3% of the shareholders' equity of Party A as shown on its most recent audited financial statements, in Canadian dollars (or the equivalent in any other currency) and means with respect to Party B, Cdn. \$100,000 (or the equivalent in any other currency).

- (d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(v) of this Agreement will apply to Party A and will apply to Party B.
- (e) The **"Automatic Early Termination"** provision of Section 6(a) will not apply to Party A and will not apply to Party B; provided, however, where an Event of Default specified in Section 5(a)(vii) (1), (3), (4), (5), (6), or, to the extent analogous thereto, (8), with respect to a party has occurred and is then continuing, and any court, tribunal or regulatory authority with competent jurisdiction acting pursuant to any bankruptcy or insolvency law or other similar law affecting such party makes an order which has or purports to have the effect of prohibiting the other party from designating an Early Termination Date in respect of all outstanding Transactions at any time after such Event of Default has occurred and is then continuing in accordance with Section 6(a), the "Automatic Early Termination" provision of Section 6(a) will apply to such party.
- (f) **"Termination Currency"** means the currency selected by the Non-defaulting Party or the party that is not the Affected Party or in the event where there are two Affected Parties, the currency agreed upon by the parties and failing such agreement, Canadian Dollars. However, the Termination Currency so selected shall be (i) one of the currencies in which payments in any Terminated Transaction are required to be made, (ii) one that is freely available and convertible into at least one of the currencies in which payments in any Terminated Transaction are required to be made, or (iii) Canadian Dollars.
- (g) **"Additional Termination Event"** will apply. It shall be an Additional Termination Event, and Party B shall be the Affected Party, if at any time after the date hereof,
 - (1) Party B has no obligations outstanding under the Credit Agreement and all commitments to extend credit thereunder are terminated, or
 - (2) if Party A is no longer a party to the Credit Agreement, or
 - (3) if the terms of the Credit Agreements are amended, revised or replaced and Party A and Party B are unable to negotiate in the good faith amendments to the provisions of this Agreement that are mutually acceptable to both parties.

"Credit Agreement" shall have the meaning set out in Part 4(e) of this Schedule.

- (h) **"Notice of Event of Default or Termination Event."** If an Event of Default occurs with respect to a party, that party shall, promptly upon becoming aware of it, notify the other party, specifying the

nature of the Event of Default, and shall also give such other information about the Event of Default as the other party may reasonably require. Any party shall have the right at any time, if it has reasonable grounds to believe that an Event of Default or Termination Event has occurred with respect to the other party, to request written confirmation, certified by a senior officer of the other party, as to whether an Event of Default or Termination Event has occurred with respect to the other party.

Part 2. Tax Representations.

- (a) **Payer Representation.** For the purposes of Section 3(e) of this Agreement, each of Party A and Party B will make the following representation:

It is not required by any law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representation made by the other party pursuant to Section 3(f);
- (ii) the satisfaction of the agreement of the other party contained in Section 4(a)(i) or 4(a)(iii) and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii); and
- (iii) the satisfaction of the agreement of the party contained in Section 4(d),

provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) **Payee Representation.** For the purposes of Section 3(f) of this Agreement, each of Party A and Party B represent that it is not a non-resident of Canada within the meaning of the Income Tax Act (Canada).

Part 3. Agreement to Deliver Documents.

For the purpose of Section 4(a)(i) or 4(a)(ii) of this Agreement, each party (as specified below) agrees to deliver the following documents (each in form and substance reasonably satisfactory to the other), as applicable:

- (a) Tax forms, documents or certificates to be delivered are: — Any document required or reasonably requested to allow the other party to make payments under the Agreement without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate.

- (b) Other documents to be delivered are:—

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party A and Party B	Evidence reasonably satisfactory to the other party as to the names, true signatures and authority of	Upon execution of this Agreement and, if requested, upon execution of any Confirmation	Yes

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
	the officers or officials signing this Agreement or any Confirmation on its behalf		
Party B	Board Resolution or other evidence of authority, reasonably satisfactory to Party A, for Party B to enter into this Agreement and Transactions hereunder.	Upon execution of this Agreement	Yes
Party B	A copy of the quarterly unaudited and annual audited financial statements of Party B for the most recently completed financial quarter and year prepared in accordance with generally accepted accounting principles	As soon as available and in any event within 45 days after the end of such quarter and within 120 days after the end of each fiscal year of Party B, if not otherwise publicly available on Party B's website.	Yes
Party B	Legal Opinion in a form acceptable to Party A	Upon execution of this Agreement	No

Part 4. Miscellaneous

(a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:--

(i) **Party A.** Addresses for notices or communications to Party A:

With respect to the Master Agreement:

Address: Canadian Imperial Bank of Commerce
6th Floor
Commerce Court West
Toronto, Ontario
Canada M5L 1A2
Attention: General Manager
Trading Documentation
Fax No.: 416-214-8773
Telephone: 416-214-8699

With respect to Transactions:

Address: 161 Bay Street, 12th Floor, BCE Place
Toronto, Ontario
Canada M5J 2S8
Attention: Manager, Swap Operations
Fax No.: 416-594-7343
Telephone: 416-594-8566

(ii) **Party B.** Addresses for notices or communications to Party B:

Address for Courier: 16 Graham Street
Woodstock, ON
N4S 6J6

Address for Mail: P.O. Box 1598
Woodstock, ON
N4S 0A8

Attention: Patti Murray
Telephone 519.537.7172, ext. 240
Fax No.: 519.537.5081

- (b) **Offices.** The provisions of Section 10(a) will apply to this Agreement.
- (c) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:
- (i) Party A is a Multibranch Party and may act through its Toronto, New York and London Offices.
 - (ii) Party B is not a Multibranch Party.
- (d) **Calculation Agent.** The Calculation Agent is Party A unless otherwise specified in a Confirmation in relation to a Transaction. With respect to Section 5(a)(ii) of the Agreement, if a party hereto is designated as the Calculation Agent (as defined in the Definitions) for any Transaction, then notwithstanding Section 5(a)(ii), Breach of Agreement does not include any failure by that party to comply with its obligations as Calculation Agent, and the sole remedy of the other party for such failure shall be the right, upon notice to the Calculation Agent, to designate a Reference Market-maker as a replacement Calculation Agent. For the purpose of this section, "Reference Market-maker" means a leading dealer in the relevant market, selected by the party in good faith from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and to the extent practicable, from among such dealers having an office in the same city.
- (e) **Credit Support Document.** Details of Credit Support Documents:--
- With respect to Party B only, Credit Support Document shall mean any document or agreement pursuant to which Party B has any obligations in respect of borrowed money to Party A or an Affiliate of Party A, from time to time, including without limitation the credit agreement between Party A and Party B as Borrower dated as of June 23, 2008 (the "Credit Agreement") and any document pursuant to which a third party has or may have provided credit support to Party A with respect to the obligations of Party B to Party A including, without limitation, a guarantee in favour of and in a form acceptable to Party A.
- (f) **Credit Support Provider.**
- (i) Credit Support Provider in relation to Party A: Except as otherwise contemplated herein, not applicable.

- (ii) Credit Support Provider in relation to Party B: Any person or entity which has provided or may from time to time be required to provide credit support to Party A with respect to the obligations of Party B.
- (g) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein, without reference to the choice of law doctrine.
- (h) **Ontario Jurisdiction.** Section 13(b) of this Agreement is restated as follows:
 “(b) **Jurisdiction.** With respect to any suit, action or proceedings relating to this Agreement (“Proceedings”), each party irrevocably:-
 - (i) submits to non-exclusive jurisdiction of the courts of the Province of Ontario; and
 - (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.
 Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.”
- (i) **Payment Netting.** For the purposes of Section 2(c) of this Agreement, “Multiple Transaction Payment Netting” shall apply within each of the following categories of Transactions:
 - FX Transactions
 - Currency Option Transactions
 - Commodity Transactions
- (j) **Absence of Litigation.** For the purpose of Section 3(c):
 - “Specified Entity” means in relation to Party A, not applicable.
 - “Specified Entity” means in relation to Party B, any Affiliate.
- (k) **Affiliate.** The term “Affiliate” shall have the meaning specified in Section 14 of this Agreement.
- (l) **No Agency.** The provisions of Section 3(g) of this Agreement shall apply.

Part 5. Other Provisions

- (a) **2000 ISDA Definitions.** Unless otherwise specified in a Confirmation, this Agreement incorporates, and is subject to and governed by, the 2000 ISDA Definitions (the “Definitions”), as published by the International Swaps and Derivatives Association, Inc. Any reference to a “Swap Transaction” in the Definitions is deemed to be a reference to a “Transaction” for the purpose of this Agreement or any Confirmation and any reference to a “Transaction” in this Agreement or any Confirmation is deemed to be a reference to a “Swap Transaction” for the purposes of the Definitions. Any terms used and not otherwise defined in this Agreement that are contained in the Definitions shall have the respective meanings specified therein (without regard to any amendments thereto after the date of this Agreement). In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail.

- (b) **Conditions Precedent.** The condition precedent in clause (1) of Section 2(a)(iii) shall not apply to payments scheduled to be made by a party pursuant to Section 2(a)(i) at a time when the other party has no further payment or delivery obligations (contingent or otherwise) under this Agreement.
- (c) **Accuracy of Specified Information.** Section 3(d) is amended by adding the following words immediately prior to the period at the end of that Section: “or, in the case of audited or unaudited financial statements, prepared in accordance with generally accepted accounting principles in its jurisdiction of organization”.
- (d) **Illegality.** The “Illegality” provisions of Section 5(b)(i) shall be expanded to include the obligation of a party to comply with any directive, direction or similar order issued or given by any government agency or authority with competent jurisdiction (whether or not having the force of law) which prohibits its performance under this Agreement, and in that event such party will be the Affected Party for the purpose of that Section.
- (e) **Set-off.**

- (i) The words “or obligations” shall be inserted between the words “other amounts” and the words “(“Other Amounts”)” in the sixth line of Section 6(f) of the Agreement.

- (ii) The following shall be added to the end of Section 6(f) of the Agreement:

“Notwithstanding anything to the contrary set forth in this Agreement, a party (the “Delivering Party”) may, in its discretion, satisfy, in whole or in part, any payment obligation arising under Section 6 in respect of any Early Termination Date which is designated or occurs as a result of an Event of Default in respect of which the other party is the Defaulting Party or which is designated as a result of a Termination Event in respect of which the other party is the sole Affected Party by delivering to such other party (the “Receiving Party”), or for the account of the Receiving Party, bond(s), note(s), or other debt instrument(s) issued or guaranteed by the Receiving Party and owned or held legally or beneficially by or on behalf of the Delivering Party in a face amount equal to the entirety or relevant part, as the case may be, of the amount of such payment obligation. Any bond, note, or other debt instrument denominated in a currency other than the Termination Currency shall, for this purpose, be valued in an amount of Termination Currency determined by the Delivering Party based upon a currency exchange rate determined in a commercially reasonable manner. Any delivery by a Delivering Party shall be made in the manner customary for the relevant bond, note, or debt instrument (including, without limitation, through a depository institution or clearance system) or, if the Delivering Party deems such delivery to be impractical, in a commercially reasonable manner determined by the Delivering Party.”

- (iii) Payments on Early Termination. Section 6(e)(i) of the Agreement is modified by deleting the “.” at the end thereof and adding the following:

“provided, however, that if there is a Defaulting Party, the obligations of the Non-defaulting Party to pay to the Defaulting Party any amount under this Section 6(e)(i) (the “**Conditional Payment Amount**”) shall not, except to the extent set out below, arise until, and shall be subject to the conditions precedent that, (A) the Non-defaulting Party shall have received confirmation satisfactory to it in its sole discretion (which may include an unqualified opinion of its counsel) that (x) all Transactions are terminated in accordance with Section 6(c) and (y) each Specified Transaction shall have terminated pursuant to its specified termination date or through the exercise by a party of a right to terminate and all amounts due under each Specified Transaction shall have

been fully and finally paid, and (B) all obligations (contingent or absolute, matured or unmatured) of the Defaulting Party and any Affiliate of the Defaulting Party to make any payment to the Non-defaulting Party or any Affiliate of the Non-defaulting Party shall have been fully and finally performed; and provided, further, that if under the foregoing provisions it is determined that the Non-defaulting Party is to make a payment to the Defaulting Party, there shall be, deducted from the amounts of such payment all amounts which the Defaulting Party may be obligated to pay under Section 11. With respect to the foregoing clause (y), it is expressly agreed that neither the Non-defaulting Party nor any Affiliate of the Non-defaulting Party shall have any obligation to exercise any right it may have to terminate a Specified Transaction prior to its specified termination date. If the Conditional Payment Amount exceeds the aggregate amount of the obligations owing to the Non-defaulting Party and Affiliates of the Non-defaulting Party by the Defaulting Party, the Non-defaulting Party shall pay the amount of the excess to the Defaulting Party or its Affiliate, as appropriate, notwithstanding that condition (B) has not been met."

- (f) **Telephonic Recording.** Each party consents to the electronic recording of all telephonic conversations between the parties and their trading and marketing personnel and agrees to obtain any necessary consents of, and give any necessary notice of such recording to, such personnel. Each party agrees that any such electronic recordings may be submitted as evidence in any Proceedings. In the event of any dispute between the parties relating to a Transaction, the parties may use electronic recordings between the persons who entered into such Transaction as the preferred evidence of the provisions of such Transaction, despite any writing to the contrary.
- (g) **Risk Disclosure Statement.** Party B represents to Party A that it has read and understands the Risk Disclosure Statement provided to Party B by Party A, as attached hereto as Schedule "A".
- (h) **Non-Reliance.** Each party represents to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction): -
 - (i) It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction (it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.
 - (ii) It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is capable of assuming, and assumes, the risks of that Transaction.
 - (iii) The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction.
- (i) **Equivalency Clause.** For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction the numerator of which is the actual number of days in the calendar year in which such

yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis.

- (j) **Transfer.** In addition to the permitted transfers set out in Section 7 of this Agreement, this Agreement or any interest or obligation of Party A in or under this Agreement may be transferred to any Affiliate of Party A, provided that such transfer will only be effective upon Party B receiving (A) notice of such transfer signed by Party A and acknowledged by such Affiliate, and (B) an unconditional guarantee from Party A of the obligations under the Agreement transferred to such Affiliate.

Upon the effective date of a transfer:

- (1) each of Party A and Party B shall have no further rights against or obligations to the other under this Agreement or any Transaction (other than Party B's rights and Party A's obligations under the guarantee contemplated above) to the extent of such transfer; and
 - (2) each of such Affiliate and Party B shall have the same rights against, and shall owe the same obligations to, the other under this Agreement and each Transaction, to the extent of such transfer, as if such Affiliate had been named a party to this Agreement and each such Transaction in the stead of Party A; and
 - (3) the guarantee contemplated above shall be a Credit Support Document under this Agreement in relation to such Affiliate and Party A shall be a Credit Support Provider under this Agreement in relation to such Affiliate.
- (k) **Compliance with Policies, Directives, etc.** Each party represents to the other (which representation will be deemed to be repeated on each date on which a Transaction is entered into) that the terms and conditions of any Transaction entered into under this Agreement, the execution and delivery of this Agreement and any other documentation relating to this Agreement and any Transaction entered into under this Agreement, and the performance by a party of its obligations under this Agreement and any Transaction entered into under this Agreement, comply with all policies, procedures, rules, by-laws or management directives of such party whether in force by resolution or otherwise. The other party has no obligation whatsoever to confirm compliance by such party with respect to any such policy, procedure, rule, by-law or management directive whether or not it has knowledge of same.
- (l) **Service of Process.** Notwithstanding Section 13(c) of this Agreement, no consent is given by either party to service of process by telex, facsimile transmission or electronic messaging system.
- (m) **Escrow Payments.** If by reason of the time difference between cities in which payments are to be made it is not possible for simultaneous payments or deliveries to be made, or otherwise, on any date on which both parties are required to make payments or deliveries hereunder, either party may at its option and in its sole discretion notify that other party at least three Business Days prior to such date that payments on that date are to be made in escrow to a bank of internationally recognized standing (the "Escrow Agent") selected by such party.

In such case, deposit of any payment due for a Transaction earlier on that date shall be made by 2:00 P.M. local time on the Payment Date with the Escrow Agent accompanied by irrevocable payment instructions (a) to release the deposited payment to the intended recipient upon receipt by the Escrow Agent of the required deposit of the corresponding payment from the other party on the same date

accompanied by irrevocable payment instructions to the same effect or (b) if the required deposit of the corresponding payment is not made on that same date, to return the payment deposited to the party that paid it into escrow.

The party that elects to have payments made in escrow shall pay the costs of the Escrow Agent and the costs applicable to the escrow arrangement and shall cause those arrangements to provide that the recipient of the payment due to be deposited first shall accrue interest for the credit of the recipient of such payment for each day the deposit is held in escrow. Interest shall be at the rate offered by the Escrow Agent for overnight deposits in the relevant currency in the office where it holds the deposited payment. Interest shall only be payable if the escrow payment is not released by the Escrow Agent by the end of the Business Day it is deposited for any reason other than the intended recipient's failure to make the escrow deposit it is required to make hereunder in a timely fashion.

- (n) **Waiver of Jury Trial.** Each party hereby irrevocably waives any and all right to trial by jury in any suit, action or proceeding arising out of or relating to this Agreement or any Transaction and acknowledges that this waiver is a material inducement to the other party's entering into this Agreement.
- (o) **Pari Passu Ranking.** Party B represents and warrants on a continuing basis to Party A that its obligations hereunder shall at all times rank at least pari passu with its most senior Specified Indebtedness. In the event that Party B provides or agrees to provide security regarding any Specified Indebtedness in the future, it covenants to secure, at the same time, its obligations to Party A on an equal and rateable basis.
- (p) **2002 Master Agreement Protocol.** The parties agree that the definitions and provisions set forth in Annexes 1 to 18 of the 2002 ISDA Master Agreement Protocol, as published by the International Swaps and Derivatives Association, Inc. on July 15, 2003, are incorporated herein and shall form part of this Agreement.
- (q) **Force Majeure.** Section 5(b)(ii) of the Agreement is amended to:
 - (i) Restate the first three lines of such provision to provide as follows:

“(ii) **Force Majeure Event.** After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of any event or circumstance, including, without limitation, any natural, technological, political or governmental (which for greater certainty includes an act of state) or similar event or circumstance, occurring after a Transaction is entered into, on any day:”
 - (ii) Restate the last four lines of such provision to provide as follows:

“so long as such event or circumstance was not anticipated at the date of entering into the Transaction (or, in the case of the Early Termination Amount, the date of entering into this Agreement, is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability.”
- (r) **Credit Agreement.** The parties hereby agree that in addition to the representations and warranties contained herein, the terms and conditions including without limitation the positive covenants, negative covenants, financial covenants, representations and warranties and security contained in

the Credit Agreement shall be incorporated into this Agreement and, in the event of any inconsistency, this Agreement shall prevail. It is agreed that any default by Party B under the Credit Agreement shall be an Event of Default under this Agreement, with Party B being the Defaulting Party.

Party B agrees and confirms that, if the Credit Agreement shall expire, be cancelled or terminated or Party A ceases to be a lender or credit provider, howsoever described, under the Credit Agreement and provided that such event is not an Event of Default hereunder, the covenants then existing in the Credit Agreement at the time of such expiration, cancellation or termination shall remain in full force and effect and be the covenants which form a part of this Agreement.

Part 6. FX Transaction and Currency Option Transaction Provisions

(a) FX Definitions

- (i) **Incorporated Into Agreement.** The 1998 ISDA FX and Currency Option Transaction Definitions, as published by the International Swaps and Derivatives Association, Inc., (the "FX Definitions") are incorporated by reference into this Agreement. Any terms used and not otherwise defined in this Agreement that are contained in the FX Definitions shall have the respective meanings specified therein (without regard to any amendments thereto after the date of this Agreement).
 - (ii) **Inconsistency.** In the event of any inconsistency between the FX Definitions and any other provisions or definitions that are incorporated by reference into this Agreement, the FX Definitions shall prevail with respect to an FX Transaction or a Currency Option Transaction. In the event of any inconsistency between the FX Definitions and the provisions otherwise contained in this Agreement, those provisions otherwise contained in this Agreement shall prevail.
- (b) **Confirmations.** Any FX Transaction or Currency Option Transaction into which the parties may before the date of this Agreement have entered, or may in the future enter, where the relevant Confirmation on its face does not expressly exclude the application of this Agreement, shall (to the extent not otherwise provided for in this Agreement) be subject to, governed by and construed in accordance with this Agreement (in substitution for any existing terms, if any, whether express or implied). Each such FX Transaction and Currency Option Transaction shall be a Transaction, and the documents and other confirming evidence (including electronic messages on an electronic messaging service) exchanged between the parties confirming such FX Transaction or Currency Option Transaction shall each be a Confirmation (even where not so specified therein), for the purposes of this Agreement.
- (c) **Payment Instructions.** All payments to be made in respect of FX Transactions and Currency Option Transactions shall be made in accordance with standing payment instructions provided by the parties (or as otherwise specified in a Confirmation). Any such instructions from a party must be received no later than one Business Day prior to the Value Date or Premium Payment Date (as the case may be) for such Transaction and otherwise be in conformity with standard inter-dealer market practice regarding foreign currency delivery.
- (d) **FX Transaction Novation Netting.**
- (i) **Automatic Novation Netting.** In addition to the settlement netting provisions of Section 2(c) of this Agreement, unless otherwise agreed, if the parties enter into an FX Transaction that is

governed by this Agreement through a pair of Novation Netting Offices giving rise to an obligation of a party under this Agreement to pay an amount of currency (a "Currency Obligation") on the same date and in the same currency as a then existing Currency Obligation between the same pair of Novation Netting Offices, then immediately upon entering into such FX Transaction, each such Currency Obligation shall automatically and without further action be cancelled and simultaneously replaced by a new Currency Obligation for such date determined as follows: the amount of such currency that would otherwise have been payable by each party on such date shall be aggregated and the party with the larger aggregate amount shall have a new Currency Obligation to pay to the other party the amount of such currency by which its aggregate amount exceeds the other party's aggregate amount, provided that if the aggregate amounts are equal, no new Currency Obligation shall arise. This paragraph (d) shall not affect any other Currency Obligation of a party to pay any different currency on the same date. This provision shall apply notwithstanding that either party (i) may fail to send out a Confirmation in respect of any such novation, or (ii) may fail to make changes in any of its books as a result of any such novation.

- (ii) "Novation Netting Office" means, as to either party, the office or offices specified in Part 4, Section A in the Schedule and any other office specified from time to time by one party and agreed to in writing by the other party.

(e) ***Currency Option Transaction Discharge and Termination***

- (i) Automatic Discharge and Termination of Offsetting Options. Unless otherwise agreed, any Call Option or any Put Option written by a party will automatically be terminated and discharged, in whole or in part, as applicable, against a Call Option or a Put Option, respectively, written by the other party, such termination and discharge to occur automatically upon the payment in full of the last Premium payable in respect of such Currency Option Transactions; provided that such termination and discharge may only occur in respect of Currency Option Transactions:

- (1) each being with respect to the same Put Currency and the same Call Currency;
- (2) each having the same Expiration Date and Expiration Time;
- (3) each being of the same style, i.e. either both being American Style Options or both being European Style Options;
- (4) each having the same Strike Price;
- (5) neither of which shall have been exercised by delivery of a Notice of Exercise;

and, upon occurrence of such termination and discharge, neither party shall have any further obligation to the other party in respect of the relevant Currency Option Transactions or, as the case may be, parts thereof so terminated and discharged. In the case of a partial termination and discharge (i.e. where the relevant Currency Option Transactions are for different amounts of the Currency Pair), the remaining portion of the Currency Option Transaction which is partially discharged and terminated shall continue to be a Currency Option Transaction for all purposes of this Agreement. This provision shall apply notwithstanding that either party (i) may fail to send out a Confirmation in respect of any such discharge and termination, or (ii) may fail to make changes in any of its books as a result of any such discharge and termination.

(ii) ***Additional Definitions***

- (1) "Call Option" means a Currency Option Transaction entitling, but not obligating, the Buyer to purchase from the Seller at the Strike Price a specified quantity of the Call Currency.

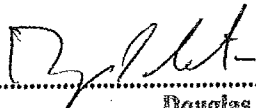
- (2) "Put Option" means a Currency Option Transaction entitling, but not obligating, the Buyer to sell to the Seller at the Strike Price a specified quantity of the Put Currency.

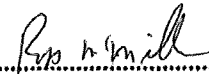
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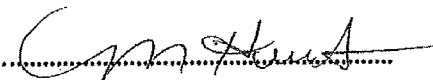
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date specified on the first page of this Agreement.

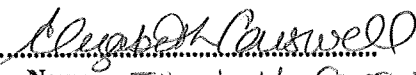
Canadian Imperial Bank of Commerce

Woodstock Hydro Services Inc.

By: 
Name: Douglas Isbister
Title: General Manager

By: 
Name: Ross McMillon
Title: President & CEO

By: 
Name: Michele Hunt
Title: Assistant General Manager

By: 
Name: Elizabeth Carswell
Title: Manager of Internal Services

Schedule "A"

RISKS OF OTC DERIVATIVES

Over the counter derivative transactions ("OTC Derivative Transactions"), such as those documented under ISDA Master Agreements, contain a number of risks. If you are not already familiar with those risks, you should consider them carefully before undertaking any OTC Derivative Transaction. Set forth below is a list of risks that normally arise in connection with an OTC Derivative Transaction. Additional risks may arise in connection with specific transactions.

Market or Price Risk

An OTC Derivative Transaction, like any other capital market transaction, involves market or price risk. At any given time subsequent to execution, an OTC Derivative Transaction will normally have a market value - you will either have to make a payment, or you will be entitled to receive a payment, in order to terminate the transaction or otherwise fix or realize the price change of such Transaction. Depending on the terms of the Transaction and market conditions, such payment could be substantial.

OTC Derivative markets, like the markets for other financial instruments, can change continuously. Market conditions and changes might cause the value of an OTC derivative transaction, and your related exposure to price or market risk, to change more quickly, more frequently or by a greater magnitude (or all three) than the value of other non-derivative financial instruments with which you are familiar. Market conditions might also cause the value of a particular OTC Derivative Transaction, and your related exposure to price or market risk, to change more quickly, more frequently or by a greater magnitude (or all three) than the value of another OTC derivative transaction.

Liquidity

An OTC Derivative Transaction, as an over-the-counter transaction, will normally lack the liquidity of an exchange-traded instrument. Unlike a futures contract, an OTC Derivative Transaction cannot be offset or terminated automatically by one party to the transaction. To terminate an OTC Derivative Transaction, you will normally need the consent of your counterparty. Your counterparty may have the legal right to decline to consent to a termination of your OTC Derivative Transaction. As a result, you could be forced by your counterparty to perform under the terms of an OTC Derivative Transaction until its scheduled termination date.

If you attempt to limit your exposure to the price change of an OTC Derivative Transaction by entering into a matching or hedging OTC Derivative Transaction, you will need to find a counterparty willing to enter into such matching or hedging transaction. While OTC Derivative dealer normally attempt to provide liquidity by being willing to enter into transactions that might hedge or limit the market exposure on an OTC Derivative Transaction you may have entered into, no assurance can be given that a matching or hedging OTC Derivative Transaction can be found, or that it can be found at the time you wish to execute it, or that it can be found at a price acceptable to you.

Dealer Spreads

OTC Derivative dealers, like dealers in other financial obligations, seek to profit from their activities as dealers by pricing transactions at a "spread". This normally means, for example, that the level at which an OTC Derivative dealer would be willing to *pay* a fixed rate in exchange for a variable rate for a

specified duration under an OTC Derivative Transaction would be less than the fixed rate that same dealer would be willing to *receive* in exchange for the identical variable rate for the same duration from the same counterparty at the same time. This practice is equivalent to the practice dealers in most products follow of attempting to “buy low” and “sell high”.

While OTC Derivatives dealers generally quote swap rates at both the “bid” and “asked” side for OTC Derivative transactions (e.g., rates at which a dealer will pay or receive a specified fixed rate in exchange for a variable rate), OTC Derivative Transactions that include leverage or a higher degree of structure and complexity may give rise to price quotes that differ from those given for simpler OTC Derivative transactions in the following significant respects: (1) such quotes may involve significantly wider bid/asked spreads; (2) such quotes may not be as readily available from OTC Derivative dealers other than the dealer which originated the relevant OTC Derivative Transaction; (3) such quotes may be based on internal pricing views and risk models which the originating OTC Derivative dealer may not be willing to identify, or to identify in detail; and (4) quotes for unwinding such OTC Derivative Transactions may differ significantly from the price at which the OTC Derivative Transaction was originated.

Credit Risk

OTC Derivative Transactions are undertaken with individual market participants, often OTC Derivative dealers, and are not supported by the credit of any organized exchange or clearing organization. Participants in OTC Derivative Transactions are entirely dependent for performance of all payment obligations on their counterparty or a specified credit support provider (e.g., guarantor, letter of credit provider) agreed to by the participant.

Each participant in OTC Derivative Transactions should carefully structure the credit arrangement between itself and each OTC Derivative counterparty with which it transacts before it enters into any OTC Derivative Transaction.

Absence of Advisory Relationship

Dealers in OTC Derivative Transactions conduct business in OTC Derivative Transactions in the same manner as dealers in other financial obligations – by attempting to sell their products at prices (*i.e.*, the rates at which payment streams are exchanged) higher than those at which they can be produced (the dealer’s cost of hedging itself). Dealers do not profit, and absent an express indication to the contrary do not hold themselves out, as advisors with respect to many of the most significant aspects of Derivative Transactions. While OTC Derivative dealers may comment on a variety of topics in conversation with counterparties, market participants should not assume that an OTC Derivative dealer is acting in an advisory capacity unless expressly indicated by such dealer.

All information provided by an OTC Derivative dealer should be evaluated by each counterparty independently of such dealer. This includes not only information about market conditions and trends but also any information about the legal, regulatory, tax, accounting and credit issues generated by OTC Derivative Transactions.

SEC Interrogatories

Appendix C

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2008 2009 & 2011 Comparators

BALANCE SHEET

Account Description					
	2008	2009	2010	2011 Existing Rates	2011 Test Rates
1050-Current Assets					
1005-Cash	4,260,907	2,156,851	3,401,823	1,849,837	3,160,107
1010-Cash Advances and Working Funds	450	450	600	600	600
1020-Interest Special Deposits	0	0	0	0	0
1030-Dividend Special Deposits	0	0	0	0	0
1040-Other Special Deposits	0	0	0	0	0
1060-Term Deposits	0	0	0	0	0
1070-Current Investments	50,437	0	0	0	0
1100-Customer Accounts Receivable	3,177,505	3,213,994	3,213,994	3,213,994	3,213,994
1102-Accounts Receivable - Services	43,647	40,326	40,326	40,326	40,326
1104-Accounts Receivable - Recoverable Work	287,001	219,328	219,328	219,328	219,328
1105-Accounts Receivable - Merchandise, Jobbing, etc.	0	0	0	0	0
1110-Other Accounts Receivable	56,847	100,344	100,344	100,344	100,344
1120-Accrued Utility Revenues	2,977,160	3,606,543	3,606,543	3,606,543	3,606,543
1130-Accumulated Provision for Uncollectable Accounts -- Credit	(35,919)	(35,000)	(45,000)	(50,000)	(50,000)
1140-Interest and Dividends Receivable	0	0	0	0	0
1150-Rents Receivable	11,130	5,565	5,565	5,565	5,565
1170-Notes Receivable	0	0	0	0	0
1180-Prepayments	155,150	140,731	140,731	140,731	140,731
1190-Miscellaneous Current and Accrued Assets	0	0	0	0	0
1200-Accounts Receivable from Associated Companies	25	121,214	121,214	121,214	121,214
1210-Notes Receivable from Associated Companies	0	0	0	0	0
1050-Current Assets Total	10,984,341	9,570,346	10,805,468	9,248,482	10,558,751
1100-Inventory					
1305-Fuel Stock	0	0	0	0	0
1330-Plant Materials and Operating Supplies	911,186	943,213	558,644	558,644	558,644
1340-Merchandise	0	0	0	0	0
1350-Other Material and Supplies	0	0	0	0	0
1100-Inventory Total	911,186	943,213	558,644	558,644	558,644
1150-Non-Current Assets					
1405-Long Term Investments in Non-Associated Companies	0	0	0	0	0
1408-Long Term Receivable - Street Lighting Transfer	0	0	0	0	0
1410-Other Special or Collateral Funds	169,500	169,500	0	0	0
1415-Sinking Funds	0	0	0	0	0
1425-Unamortized Debt Expense	0	0	0	0	0
1445-Unamortized Discount on Long-Term Debt--Debit	0	0	0	0	0
1455-Unamortized Deferred Foreign Currency Translation Gains and Losses	0	0	0	0	0
1460-Other Non-Current Assets	0	0	0	0	0
1465-O.M.E.R.S. Past Service Costs	0	0	0	0	0
1470-Past Service Costs - Employee Future Benefits	0	0	0	0	0
1475-Past Service Costs -Other Pension Plans	0	0	0	0	0
1480-Portfolio Investments - Associated Companies	0	0	0	0	0
1485-Investment In Subsidiary Companies - Significant Influence	0	0	0	0	0
1490-Investment in Subsidiary Companies	0	0	0	0	0
1150-Non-Current Assets Total	169,500	169,500	0	0	0
1200-Other Assets and Deferred Charges					
1505-Unrecovered Plant and Regulatory Study Costs	0	0	0	0	0
1508-Other Regulatory Assets	249,251	273,723	334,658	337,317	337,317
1510-Preliminary Survey and Investigation Charges	0	0	0	0	0
1515-Emission Allowance Inventory	0	0	0	0	0
1516-Emission Allowance Withheld	0	0	0	0	0
1518-RCVA Retail	0	0	0	0	0
1521- Special Purpose Charge Assessment	0	0	64,496	20,448	20,448
1522- Late Payment Settlement Recovery?	0	0	0	0	0
1525-Miscellaneous Deferred Debits	0	0	0	0	0
1530-Deferred Losses from Disposition of Utility Plant	0	0	0	0	0
1531-Renewable Connection Capital	0	0	0	0	0
1532-Renewable Connection OM&A	0	1,114	15,468	49,241	49,241
1534-Smart Grid Capital	0	0	0	0	0

BALANCE SHEET

Account Description					
	2008	2009	2010	2011 Existing Rates	2011 Test Rates
1535-Smart Grid OM&A	0	0	38,998	45,003	45,003
1540-Deferred Losses from Disposition of Utility Plant	0	0	0	0	0
1545-Development Charge Deposits/ Receivables	0	0	0	0	0
1548-RCVA - Service Transaction Request (STR)	0	0	0	0	0
1550-LV Charges - Variance	0	0	0	0	0
1555-Smart Meters Recovery	(127,118)	1,068,159	1,651,915	633,048	633,048
1556-Smart Meters OM & A	0	211,708	292,123	232,584	232,584
1562-Deferred PILs	302,578	305,298	307,298	307,298	307,298
1563-Deferred PILs - Contra	0	0	0	0	0
1565-C & DM Costs	0	0	0	0	0
1566-C & DM Costs Contra	0	0	0	0	0
1570-Qualifying Transition Costs	0	0	0	0	0
1571-Pre Market CofP Variance	0	0	0	0	0
1572-Extraordinary Event Losses	0	0	0	0	0
1574-Deferred Rate Impact Amounts	0	0	0	0	0
1580-RSVA - Wholesale Market Services	(1,167,775)	(1,278,650)	(1,278,650)	(1,278,650)	(1,278,650)
1582-RSVA - One-Time	140,667	142,021	142,021	142,021	142,021
1584-RSVA - Network Charges	(261,084)	(390,427)	(390,427)	(390,427)	(390,427)
1586-RSVA - Connection Charges	8,784	(42,538)	(42,538)	(42,538)	(42,538)
1588-RSVA - Commodity (Power)	(456,455)	(556,402)	(556,402)	(556,402)	(556,402)
1590-Recovery of Regulatory Assets (25% of 2002 bal.)	33,955	34,543	34,543	34,543	34,543
1592-PILs and Tax Variance for 2006 & Subsequent Years	0	0	0	0	0
1595-Disposition and Recovery of Regulatory Balances	0	0	0	0	0
1200-Other Assets and Deferred Charges Total	(1,277,197)	(231,452)	613,501	(466,515)	(466,515)

1450-Distribution Plant					
1805-Land	21,836	21,836	21,836	21,836	21,836
1806-Land Rights	0	0	0	0	0
1808-Buildings and Fixtures	190,774	190,774	190,774	190,774	190,774
1810-Leasehold Improvements	0	0	0	0	0
1815-Transformer Station Equipment - Normally Primary above 50 kV	0	0	0	0	0
1820-Distribution Station Equipment - Normally Primary below 50 kV	622,658	622,658	647,560	647,560	647,560
1825-Storage Battery Equipment	0	0	0	0	0
1830-Poles, Towers and Fixtures	6,693,806	7,703,317	8,098,922	8,701,849	8,701,849
1835-Overhead Conductors and Devices	3,395,190	3,527,922	3,778,126	4,307,891	4,307,891
1840-Underground Conduit	3,363,961	3,569,058	4,125,341	4,597,854	4,597,854
1845-Underground Conductors and Devices	4,374,744	4,662,011	5,019,501	5,392,776	5,392,776
1850-Line Transformers	6,539,153	6,776,071	7,351,088	7,858,815	7,858,815
1855-Services	2,024,039	2,293,421	2,616,951	2,816,764	2,816,764
1860-Meters	3,981,203	4,280,382	4,422,227	5,933,997	5,933,997
1865-Other Installations on Customer's Premises	0	0	0	0	0
1450-Distribution Plant Total	31,207,365	33,647,450	36,272,325	40,470,116	40,470,116

1500-General Plant					
1905-Land	17,530	17,530	17,530	17,530	17,530
1906-Land Rights	0	0	0	0	0
1908-Buildings and Fixtures	682,953	904,723	983,723	1,073,723	1,073,723
1910-Leasehold Improvements	0	0	0	0	0
1915-Office Furniture and Equipment	188,160	206,391	240,941	265,941	265,941
1920-Computer Equipment - Hardware	858,510	1,009,475	1,149,475	1,300,173	1,300,173
1925-Computer Software	1,129,458	1,219,036	1,294,868	1,402,123	1,402,123
1930-Transportation Equipment	1,301,080	1,355,849	1,355,849	1,626,888	1,626,888
1935-Stores Equipment	43,075	51,839	76,839	116,839	116,839
1940-Tools, Shop and Garage Equipment	230,897	245,236	270,236	290,236	290,236
1945-Measurement and Testing Equipment	101,085	111,963	121,963	131,963	131,963
1950-Power Operated Equipment	0	0	0	0	0
1955-Communication Equipment	22,934	27,869	29,759	49,759	49,759
1960-Miscellaneous Equipment	485	485	1,905	1,905	1,905
1970-Load Management Controls - Customer Premises	0	0	0	0	0
1975-Load Management Controls - Utility Premises	0	0	0	0	0
1980-System Supervisory Equipment	261,877	336,973	336,973	356,973	356,973
1985-Sentinel Lighting Rentals	0	0	0	0	0

BALANCE SHEET

Account Description					
	2008	2009	2010	2011 Existing Rates	2011 Test Rates
1990-Other Tangible Property	0	0	0	0	0
1995-Contributions and Grants	(3,171,548)	(3,412,745)	(3,848,276)	(4,291,188)	(4,291,188)
1996-Contributions - Commerce Way TS	0	0	2,500,000	4,100,000	4,100,000
1500-General Plant Total	1,666,496	2,074,624	4,531,785	6,442,863	6,442,863

1550-Other Capital Assets					
2005-Property Under Capital Leases	0	0	0	0	0
2010-Electric Plant Purchased or Sold	0	0	0	0	0
2020-Experimental Electric Plant Unclassified	0	0	0	0	0
2030-Electric Plant and Equipment Leased to Others	0	0	0	0	0
2040-Electric Plant Held for Future Use	0	0	0	0	0
2050-Completed Construction Not Classified--Electric	0	0	0	0	0
2055-Construction Work in Progress--Electric	0	87,708	0	0	0
2060-Electric Plant Acquisition Adjustment	0	0	0	0	0
2065-Other Electric Plant Adjustment	0	0	0	0	0
2070-Other Utility Plant	0	0	0	0	0
2075-Non-Utility Property Owned or Under Capital Lease	0	0	0	0	0
1550-Other Capital Assets Total	0	87,708	0	0	0

1600-Accumulated Amortization					
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	(13,264,770)	(15,210,513)	(17,169,245)	(19,146,375)	(19,146,375)
2120-Accumulated Amortization of Electric Utility Plant - Intangibles	0	0	0	0	0
2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	0	0	0	0	0
2160-Accumulated Amortization of Other Utility Plant	0	0	0	0	0
2180-Accumulated Amortization of Non-Utility Property	0	0	0	0	0
1600-Accumulated Amortization Total	(13,264,770)	(15,210,513)	(17,169,245)	(19,146,375)	(19,146,375)

Total Assets	30,396,921	31,050,875	35,612,477	37,107,215	38,417,484
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1650-Current Liabilities					
2205-Accounts Payable	1,234,366	1,761,550	1,761,550	1,761,550	1,761,550
2208-Customer Credit Balances	(128)	0	0	0	0
2210-Current Portion of Customer Deposits	311,747	316,459	316,459	316,459	316,459
2215-Dividends Declared	0	0	0	0	0
2220-Miscellaneous Current and Accrued Liabilities	1,191,217	1,217,623	1,217,623	1,217,623	1,217,623
2225-Notes and Loans Payable	0	0	0	0	0
2240-Accounts Payable to Associated Companies	0	0	0	0	0
2242-Notes Payable to Associated Companies	0	0	0	0	0
2250-Debt Retirement Charges (DRC) Payable	208,364	13,295	13,295	13,295	13,295
2252-Transmission Charges Payable	0	0	0	0	0
2254-Electric Safety Authority Fees Payable	0	0	0	0	0
2256-Independent Market Operator Fees and Penalties Payable	2,694,232	2,762,517	2,762,517	2,762,517	2,762,517
2260-Current Portion of Long Term Debt	0	0	0	0	0
2262-Ontario Hydro Debt - Current Portion	0	0	0	0	0
2264-Pensions and Employee Benefits - Current Portion	0	0	0	0	0
2268-Accrued Interest on Long Term Debt	0	0	0	0	0
2270-Matured Long Term Debt	0	0	0	0	0
2272-Matured Interest on Long Term Debt	0	0	0	0	0
2285-Obligations Under Capital Leases--Current	0	0	0	0	0
2290-Commodity Taxes	53,196	31,116	31,116	31,116	31,116
2292-Payroll Deductions / Expenses Payable	25,898	37,999	37,999	37,999	37,999
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	(264,558)	(123,073)	(123,073)	(123,073)	(123,073)
2296-Future Income Taxes - Current	0	0	0	0	0
1650-Current Liabilities Total	5,454,334	6,017,486	6,017,486	6,017,486	6,017,486

1700-Non-Current Liabilities					
2305-Accumulated Provision for Injuries and Damages	0	0	0	0	0
2306-Employee Future Benefits	0	1,118,833	1,018,833	1,018,833	1,018,833
2308-Other Pensions - Past Service Liability	0	0	0	0	0
2310-Vested Sick Leave Liability	121,589	126,052	100,052	100,052	100,052
2315-Accumulated Provision for Rate Refunds	0	0	0	0	0
2320-Other Miscellaneous Non-Current Liabilities	0	0	0	0	0

BALANCE SHEET

Account Description					
	2008	2009	2010	2011 Existing Rates	2011 Test Rates
2325-Obligations Under Capital Lease--Non-Current	0	0	0	0	0
2330-Devolpment Charge Fund	0	0	0	0	0
2335-Long Term Customer Deposits	663,871	1,027,311	1,027,311	1,027,311	1,027,311
2340-Collateral Funds Liability	0	0	0	0	0
2345-Unamortized Premium on Long Term Debt	0	0	0	0	0
2348-O.M.E.R.S. - Past Service Liability - Long Term Portion	0	0	0	0	0
2350-Future Income Tax - Non-Current	(1,894,440)	(2,460,100)	(2,460,100)	(2,460,100)	(2,460,100)
2405-Other Regulatory Liabilities	0	0	0	0	0
2410-Deferred Gains From Disposition of Utility Plant	0	0	0	0	0
2415-Unamortized Gain on Reacquired Debt	0	0	0	0	0
2425-Other Deferred Credits	500,622	0	0	0	0
2435-Accrued Rate-Payer Benefit	0	0	0	0	0
1700-Non-Current Liabilities Total	(608,359)	(187,904)	(313,904)	(313,904)	(313,904)
1800-Long-Term Debt					
2505-Debentures Outstanding - Long Term Portion	0	0	1,800,000	1,800,000	1,800,000
2510-Debenture Advances	0	0	0	0	0
2515-Required Bonds	0	0	0	0	0
2520-Other Long Term Debt	10,941,862	10,941,862	13,441,862	15,041,862	15,041,862
2525-Term Bank Loans - Long Term Portion	0	0	0	0	0
2530-Ontario Hydro Debt Outstanding - Long Term Portion	0	0	0	0	0
2550-Advances from Associated Companies	0	0	0	0	0
1800-Long-Term Debt Total	10,941,862	10,941,862	15,241,862	16,841,862	16,841,862
1850-Shareholders' Equity					
3005-Common Shares Issued	10,941,862	10,941,862	10,941,862	10,941,862	10,941,862
3008-Preference Shares Issued	0	0	0	0	0
3010-Contributed Surplus	0	0	0	0	0
3020-Donations Received	0	0	0	0	0
3022-Devolpment Charges Transferred to Equity	0	0	0	0	0
3026-Capital Stock Held in Treasury	0	0	0	0	0
3030-Miscellaneous Paid-In Capital	0	0	0	0	0
3035-Installments Received on Capital Stock	0	0	0	0	0
3040-Appropriated Retained Earnings	0	0	0	0	0
3045-Unappropriated Retained Earnings	3,058,469	2,970,475	3,562,569	3,683,736	3,683,736
3046-Balance Transferred From Income	898,753	592,094	162,602	(63,827)	1,246,442
3047-Appropriations of Retained Earnings - Current Period	0	0	0	0	0
3048-Dividends Payable-Preference Shares	0	0	0	0	0
3049-Dividends Payable-Common Shares	(290,000)	(225,000)	0	0	0
3055-Adjustment to Retained Earnings	0	0	0	0	0
3065-Unappropriated Undistributed Subsidiary Earnings	0	0	0	0	0
1850-Shareholders' Equity Total	14,609,084	14,279,431	14,667,033	14,561,771	15,872,040
Total Liabilities & Shareholder's Equity	30,396,921	31,050,875	35,612,477	37,107,215	38,417,484
Balance Sheet Total	(0)	(0)	0	0	0

STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description					
	2008	2009	2010	2011 Existing Rates	2011 Test Year
3000-Sales of Electricity					
4006-Residential Energy Sales	(5,057,697)	(5,489,319)	(7,881,095)	(8,404,029)	(8,404,029)
4010-Commercial Energy Sales	0	0	0	0	0
4015-Industrial Energy Sales	0	0	0	0	0
4020-Energy Sales to Large Users	(971,198)	(183,307)	0	0	0
4025-Street Lighting Energy Sales	(2,951)	(2,896)	(172,263)	(171,508)	(171,508)
4030-Sentinel Energy Sales	0	0	0	0	0
4035-General Energy Sales	(9,863,564)	(6,582,988)	(16,243,379)	(15,970,331)	(15,970,331)
4040-Other Energy Sales to Public Authorities	0	0	0	0	0
4045-Energy Sales to Railroads and Railways	0	0	0	0	0
4050-Revenue Adjustment	52,375	93,727	0	0	0
4055-Energy Sales for Resale	(5,823,818)	(3,424,485)	0	0	0
4060-Interdepartmental Energy Sales	0	0	0	0	0
4062-WMS	(2,312,713)	(2,269,892)	(2,380,059)	(2,404,463)	(2,404,463)
4064-Billed WMS-One Time	0	0	0	0	0
4066-NS	(1,749,328)	(1,770,103)	(2,260,186)	(2,024,605)	(1,977,276)
4068-CS	(1,691,541)	(1,629,551)	(1,769,920)	(1,744,674)	(1,659,815)
4075-LV Charges	0	0	0	0	0
3000-Sales of Electricity Total	(27,420,436)	(21,258,813)	(30,706,903)	(30,719,610)	(30,587,421)
3050-Revenues From Services - Distirbution					
4080-Distribution Services Revenue	(6,592,706)	(6,379,446)	(6,324,330)	(6,514,422)	(8,271,039)
4082-RS Rev	(23,482)	(25,337)	(25,400)	(25,400)	(25,400)
4084-Serv Tx Requests	(640)	(854)	(1,000)	(1,000)	(1,000)
4090-Electric Services Incidental to Energy Sales	0	0	0	0	0
3050-Revenues From Services - Distirbution Total	(6,616,827)	(6,405,636)	(6,350,730)	(6,540,822)	(8,297,439)
3100-Other Operating Revenues					
4205-Interdepartmental Rents	0	0	0	0	0
4210-Rent from Electric Property	(280,390)	(179,975)	(40,885)	(40,885)	(40,885)
4215-Other Utility Operating Income	0	0	0	0	0
4220-Other Electric Revenues	0	0	0	0	0
4225-Late Payment Charges	(46,379)	(39,646)	(50,235)	(54,254)	(54,254)
4230-Sales of Water and Water Power	0	0	0	0	0
4235-Miscellaneous Service Revenues	(95,808)	(123,901)	(148,875)	(234,290)	(234,290)
4240-Provision for Rate Refunds	0	0	0	0	0
4245-Government Assistance Directly Credited to Income	0	0	0	0	0
3100-Other Operating Revenues Total	(422,577)	(343,522)	(239,995)	(329,429)	(329,429)
3150-Other Income & Deductions					
4305-Regulatory Debits	0	0	0	0	0
4310-Regulatory Credits	0	0	0	0	0
4315-Revenues from Electric Plant Leased to Others	0	0	0	0	0
4320-Expenses of Electric Plant Leased to Others	0	0	0	0	0
4324-Special Purpose Charge Recovery - Billed	0	0	0	0	0
4325-Revenues from Merchandise, Jobbing, Etc.	0	0	0	0	0
4330-Costs and Expenses of Merchandising, Jobbing, Etc	0	0	0	0	0
4335-Profits and Losses from Financial Instrument Hedges	0	0	0	0	0
4340-Profits and Losses from Financial Instrument Investments	0	0	0	0	0
4345-Gains from Disposition of Future Use Utility Plant	0	0	0	0	0
4350-Losses from Disposition of Future Use Utility Plant	0	0	0	0	0
4355-Gain on Disposition of Utility and Other Property	(40)	(3,520)	(1,000)	(1,000)	(500)
4360-Loss on Disposition of Utility and Other Property	0	0	0	0	0
4365-Gains from Disposition of Allowances for Emission	0	0	0	0	0
4370-Losses from Disposition of Allowances for Emission	0	0	0	0	0

STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description					
	2008	2009	2010	2011 Existing Rates	2011 Test Year
4375-Revenues from Non-Utility Operations	(878,548)	(952,865)	(793,005)	(829,344)	(443,880)
4380-Expenses of Non-Utility Operations	733,267	856,351	717,978	770,512	397,845
4385-Expenses of Non-Utility Operations	0	0	0	0	0
4390-Miscellaneous Non-Operating Income	(11,928)	(29,469)	(25,350)	(15,350)	(15,350)
4395-Rate-Payer Benefit Including Interest	0	0	0	0	0
4398-Foreign Exchange Gains and Losses, Including Amortization	0	0	0	0	0
3150-Other Income & Deductions Total	(157,248)	(129,503)	(101,377)	(75,182)	(61,885)
3200-Investment Income					
4405-Interest and Dividend Income	(164,845)	(26,962)	(42,956)	(45,700)	(27,000)
4415-Equity in Earnings of Subsidiary Companies	0	0	0	0	0
3200-Investment Income Total	(164,845)	(26,962)	(42,956)	(45,700)	(27,000)
3350-Power Supply Expenses					
4705-Power Purchased	21,666,853	15,589,268	24,296,737	24,545,868	24,545,868
4708-WMS	2,312,713	2,269,892	2,380,059	2,404,463	2,404,463
4710-Cost of Power Adjustments	0	0	0	0	0
4712-0	0	0	0	0	0
4714-NW*	1,749,328	1,770,103	2,260,186	2,024,605	1,977,276
4715-System Control and Load Dispatching	0	0	0	0	0
4716-NCN*	1,691,541	1,629,551	1,769,920	1,744,674	1,659,815
4720-Other Expenses	0	0	0	0	
4725-Competition Transition Expense	0	0	0	0	
4730-Rural Rate Assistance Expense	0	0	0	0	
4750-LV Charges	0	0	0	0	
3350-Power Supply Expenses Total	27,420,436	21,258,813	30,706,903	30,719,610	30,587,421
3500-Distribution Expenses - Operation					
5005-Operation Supervision and Engineering	207,437	227,795	205,500	107,021	107,021
5010-Load Dispatching	38,004	33,981	40,500	51,816	51,816
5012-Station Buildings and Fixtures Expense	14,442	12,540	36,300	52,934	52,934
5014-Transformer Station Equipment - Operation Labour	0	0	0	0	0
5015-Transformer Station Equipment - Operation Supplies and Expenses	0	0	0	0	0
5016-Distribution Station Equipment - Operation Labour	32,552	40,138	45,000	33,292	33,292
5017-Distribution Station Equipment - Operation Supplies and Expenses	15,238	13,568	12,611	14,500	14,500
5020-Overhead Distribution Lines and Feeders - Operation Labour	29,370	32,594	36,000	43,275	43,275
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	5,021	7,636	3,600	5,500	5,500
5030-Overhead Subtransmission Feeders - Operation	0	0	0	0	0
5035-Overhead Distribution Transformers - Operation	1,588	3,905	3,300	3,234	3,234
5040-Underground Distribution Lines and Feeders - Operation Labour	85,875	16,231	22,000	34,167	34,167
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	12,066	4,498	17,120	23,500	23,500
5050-Underground Subtransmission Feeders - Operation	0	0	0	0	0
5055-Underground Distribution Transformers - Operation	0	113	0	0	0
5060-Street Lighting and Signal System Expense	0	0	0	0	0
5065-Meter Expense	254,110	108,822	160,000	146,160	146,160
5070-Customer Premises - Operation Labour	161	49,765	70,000	63,885	63,885
5075-Customer Premises - Materials and Expenses	1,150	7,212	6,000	8,000	8,000
5085-Miscellaneous Distribution Expense	87,577	158,829	168,548	194,651	194,651
5090-Underground Distribution Lines and Feeders - Rental Paid	0	0	0	0	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	3,124	1,670	3,775	3,625	3,625
5096-Other Rent	0	0	0	0	0
3500-Distribution Expenses - Operation Total	787,716	719,297	830,254	785,560	785,560
3550-Distribution Expenses - Maintenance					
5105-Maintenance Supervision and Engineering	61,394	77,868	78,200	84,438	84,438
5110-Maintenance of Structures	88	4,623	0	20,061	20,061

STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description					
	2008	2009	2010	2011 Existing Rates	2011 Test Year
5112-Maintenance of Transformer Station Equipment	0	0	0	0	0
5114-Maint Dist Stn Equip	36	6,462	10,000	5,000	5,000
5120-Maintenance of Poles, Towers and Fixtures	57,269	54,084	85,692	91,987	91,987
5125-Maintenance of Overhead Conductors and Devices	92,175	135,774	94,000	116,877	116,877
5130-Maintenance of Overhead Services	73,024	61,691	72,000	73,273	73,273
5135-Overhead Distribution Lines and Feeders - Right of Way	93,659	111,006	106,700	111,935	111,935
5145-Maintenance of Underground Conduit	4,370	9,422	6,300	12,535	12,535
5150-Maintenance of Underground Conductors and Devices	37,671	37,547	39,000	51,073	51,073
5155-Maintenance of Underground Services	53,700	66,608	70,000	64,648	64,648
5160-Maintenance of Line Transformers	59,109	65,225	82,000	98,945	98,945
5165-Maintenance of Street Lighting and Signal Systems	0	0	0	0	0
5170-Sentinel Lights - Labour	0	0	0	0	0
5172-Sentinel Lights - Materials and Expenses	0	0	0	0	0
5175-Maintenance of Meters	361	0	0	0	0
5178-Customer Installations Expenses - Leased Property	0	0	0	0	0
5195-Maintenance of Other Installations on Customer Premises	0	0	0	0	0
3550-Distribution Expenses - Maintenance Total	532,855	630,310	643,892	730,771	730,771
3650-Billing and Collecting					
5305-Supervision	62,953	53,995	50,434	54,748	54,748
5310-Meter Reading Expense	136,266	113,547	132,248	151,927	151,927
5315-Customer Billing	250,784	237,092	219,245	301,335	301,335
5320-Collecting	92,404	114,787	117,055	116,362	116,362
5325-Collecting - Cash Over and Short	(9)	(442)	100	100	100
5330-Collection Charges	(285)	(795)	(4,000)	(5,000)	(5,000)
5335-Bad Debt Expense	23,483	28,153	45,000	53,460	53,460
5340-Miscellaneous Customer Accounts Expenses	2,018	2,091	2,200	2,200	2,200
3650-Billing and Collecting Total	567,613	548,428	562,282	675,133	675,133
3700-Community Relations					
5405-Supervision	3,436	2,887	3,250	3,825	3,825
5410-Community Relations - Sundry	13,210	10,419	17,750	21,235	21,235
5415-Energy Conservation	23,274	5,688	5,300	8,170	8,170
5420-Community Safety Program	289	5,093	10,000	9,153	9,153
5425-Miscellaneous Customer Service and Informational Expenses	0	0	0	0	0
3700-Community Relations Total	40,209	24,088	36,300	42,382	42,382
3800-Administrative and General Expenses					
5605-Executive Salaries and Expenses	150,084	154,821	182,478	195,903	195,903
5610-Management Salaries and Expenses	262,949	236,833	261,655	282,822	282,822
5615-General Administrative Salaries and Expenses	417,264	435,258	500,000	524,085	524,085
5620-Office Supplies and Expenses	77,954	74,606	82,305	81,254	81,254
5625-Administrative Expense Transferred-Credit	(127,754)	(129,004)	(52,105)	(54,628)	(54,628)
5630-Outside Services Employed	124,128	98,609	134,437	126,500	126,500
5635-Property Insurance	32,575	29,471	30,695	32,000	32,000
5640-Injuries and Damages	62,233	54,134	67,000	72,555	72,555
5645-Employee Pensions and Benefits	356	31,778	18,150	18,150	18,150
5650-Franchise Requirements	0	0	0	0	0
5655-Regulatory Expenses	35,849	47,037	55,000	100,000	100,000
5660-General Advertising Expenses	2,501	3,933	5,500	5,500	5,500
5665-Miscellaneous Expenses	104,158	123,590	147,380	139,554	139,554
5670-Rent	0	0	0	0	0
5675-Maintenance of General Plant	183,831	235,049	255,175	277,221	277,221
5680-Electrical Safety Authority Fees	7,913	7,403	7,350	7,500	7,500
5681- Special Purpose Charge Expense	0	0	0	0	0
5685-Independent Market Operator Fees and Penalties	0	0	0	0	0

STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description					
	2008	2009	2010	2011 Existing Rates	2011 Test Year
5695-OM&A Contra Account	0	0	0	0	0
3800-Administrative and General Expenses Total	1,334,041	1,403,517	1,695,020	1,808,415	1,808,415
3850-Amortization Expense					
5705-Amortization Expense - Property, Plant and Equipment	1,766,354	1,870,899	1,865,397	2,031,382	2,031,382
5710-Amortization of Limited Term Electric Plant	0	0	0	0	0
5715-Amortization of Intangibles and Other Electric Plant	0	0	0	0	0
5720-Amortization of Electric Plant Acquisition Adjustments	0	0	0	0	0
5725-Miscellaneous Amortization	0	0	0	0	0
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0	0	0	0	0
5735-Amortization of Deferred Development Costs	0	0	0	0	0
5740-Amortization of Deferred Charges	0	0	0	0	0
3850-Amortization Expense Total	1,766,354	1,870,899	1,865,397	2,031,382	2,031,382
3900-Interest Expense					
6005-Interest on Long Term Debt	735,876	544,318	623,752	934,897	908,703
6010-Amortization of Debt Discount and Expense	0	0	0	0	0
6015-Amortization of Premium on Debt-Credit	0	0	0	0	0
6020-Amortization of Loss on Reacquired Debt	0	0	0	0	0
6025-Amortization of Gain on Reacquired Debt-Credit	0	0	0	0	0
6030-Interest on Debt to Associated Companies	0	0	0	0	0
6035-Other Interest Expense	118,085	36,716	78,226	26,114	26,194
6040-Allowance for Borrowed Funds Used During Construction-Credit	0	0	0	0	0
6042-Allowance for Other Funds Used During Construction	0	0	0	0	0
6045-Interest Expense on Capital Lease Obligations	0	0	0	0	0
3900-Interest Expense Total	853,961	581,034	701,978	961,011	934,897
3950-Taxes Other Than Income Taxes					
6105-Taxes Other Than Income Taxes	125,668	122,776	123,852	126,946	126,946
3950-Taxes Other Than Income Taxes Total	125,668	122,776	123,852	126,946	126,946
4000-Income Taxes					
6110-Income Taxes	842,374	587,559	112,982	25,049	333,825
6115-Provision for Future Income Taxes	(388,597)	(174,880)	0	0	0
4000-Income Taxes Total	453,778	412,679	112,982	25,049	333,825
4100-Extraordinary & Other Items					
6205-Donations	550	500	500	500	0
6210-Life Insurance	0	0	0	0	0
6215-Penalties	0	0	0	0	0
6225-Other Deductions	0	0	0	0	0
4100-Extraordinary & Other Items Total	550	500	500	500	0
Net Income - (Gain)/Loss	(898,753)	(592,094)	(162,602)	196,016	(1,246,442)

Correction

* The "2011 At Existing Rates" originally submitted had included the incorrect amounts for the following accounts, and has been corrected in this table

4714-NW
4716-NCN

SEC Interrogatories

Appendix D

Smart Prepay Metering

EDA Western District Sept 24 2008



Smart, Prepay Metering

Does Prepayment have a future within the new Smart metering regime?

September 24, 2008
Woodstock Hydro Services Inc.

Main Topics of Conversation

- Prepayment in Woodstock – A Brief History
- Evolution and Customer Acceptance
- Smart Metering Regulation
- Challenges with Smart-Prepay Metering
- Customer Desire
- The Crossroad

A Brief History

- 1988 Introduced as option for Landlords – tenant meter must be in landlords name, or capital contribution made toward Powerstat
- Evolved to \$7.50/month rental
- Further evolved to customer choice
- 3300 customers by choice

Evolution & Customer Choice

- From collection tool, to energy conservation tool
- Social Stigma & misconceptions – Prepay is not simply a low-income option

Smart Meter Regulation

- Originally noted as 'grandfathered' in regulation
-to oblivion – Prepay goes silent
-to Smart metering can include a prepay option

Post Pay vs Prepay kwh Averages – 2007

Postpaid

Prepaid

2007

Avg			Avg					
8861678	9997	886.4337	1949055	2948	661.1448	10810733	12945	835.1281
8861678	9997	886.4337	1833244	2948	621.8602	10694922	12945	826.1817
8072075	10005	806.8041	1928711	2953	653.1361	10000786	12958	771.7847
7360343	10005	735.6665	1298490	2952	439.8678	8658833	12957	668.2745
6863696	10010	685.6839	1285590	2969	433.0043	8149285	12979	627.8824
6034936	9990	604.0977	1543727	2989	516.4693	7578663	12979	583.9174
7790438	9990	779.8236	1533811	2988	513.3237	9324249	12978	718.4658
8601738	10003	859.9158	1641434	3004	546.416	10243172	13007	787.5122
8601738	10003	859.9158	1321359	3004	439.8666	9923097	13007	762.9044
7304800	10020	729.022	1403877	2990	469.5239	8708677	13010	669.3833
6507186	10034	648.5136	1727842	2993	577.2943	8235028	13027	632.1508
6865792	10036	684.1164	1971391	3000	657.1302	8837183	13036	677.906

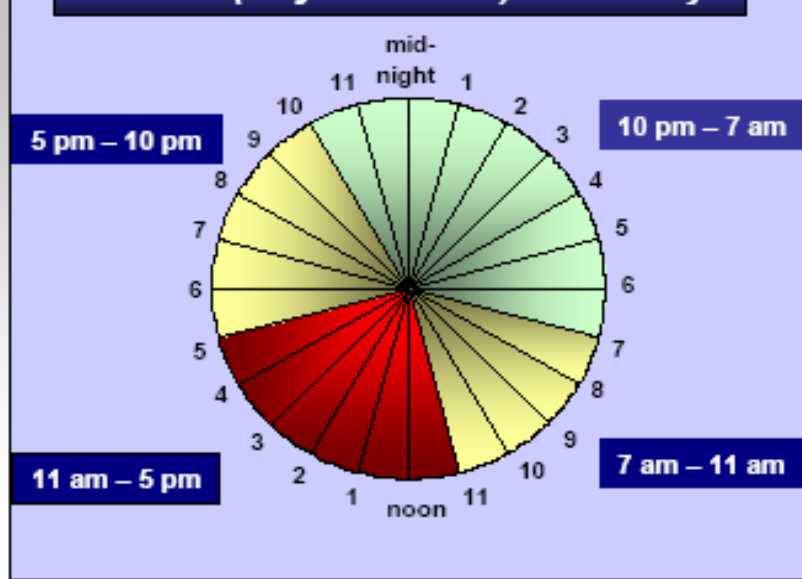
91726097	120090	763.8113	19438530	35738	543.9177	1.11E+08	155828	713.3803
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Challenges

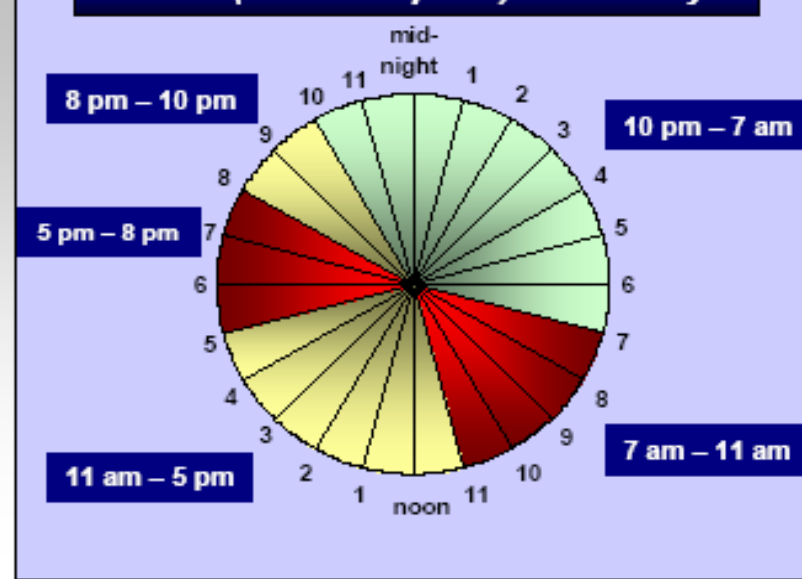
- Time of Use Pricing
- Real time pricing signals
- Electricity Retailers
- Settlement
- Other?

Time-Of-Use Pricing

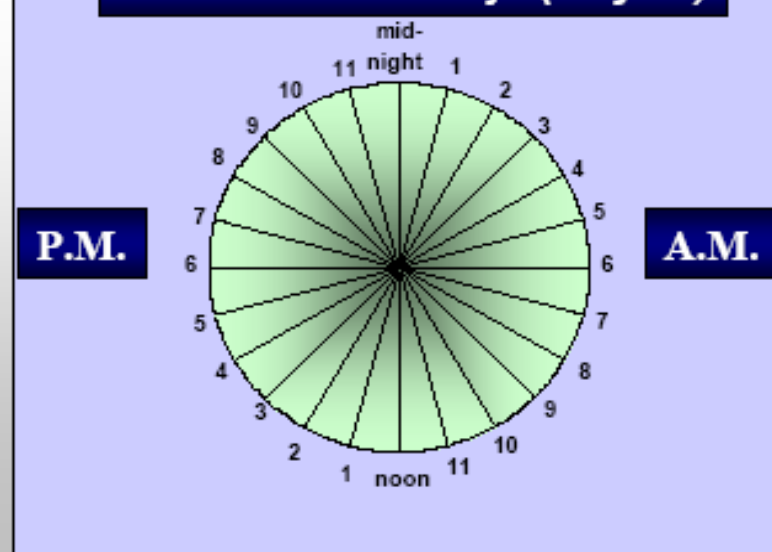
Summer (May 1 – Oct 31) - Weekdays



Winter (Nov 1 – Apr 30) - Weekdays



Weekends & Holidays (All year)



Time-of-Use Periods of the Day

- Off-Peak
- Mid-Peak
- On-Peak

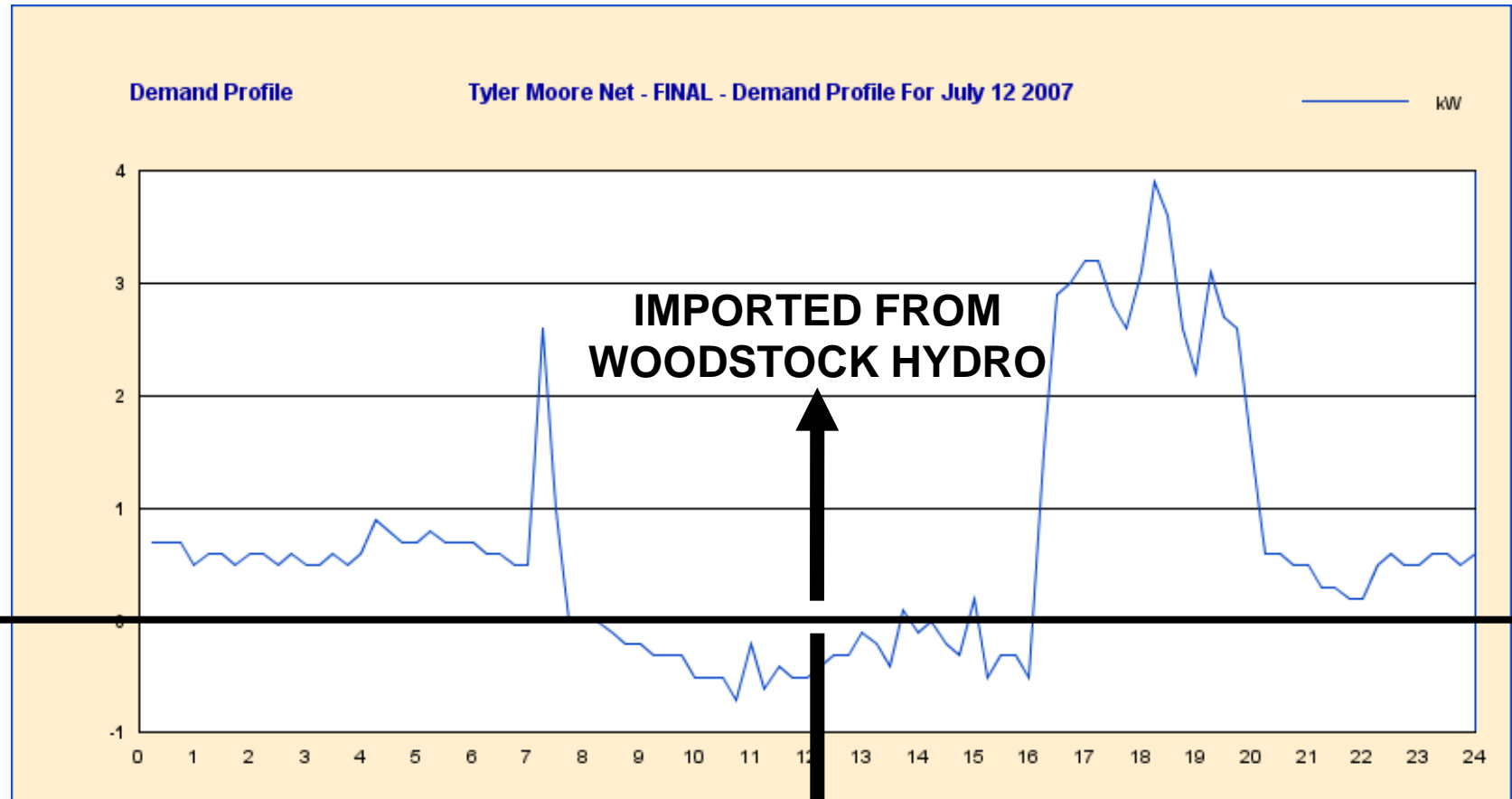
Regulated Price Plan Time-of-Use Prices*

- Off-Peak – 2.7 cents/kWh
- Mid-Peak – 7.3 cents/kWh
- On-Peak – 9.3 cents/kWh

* Effective May 1, 2008

Daily Load Shape

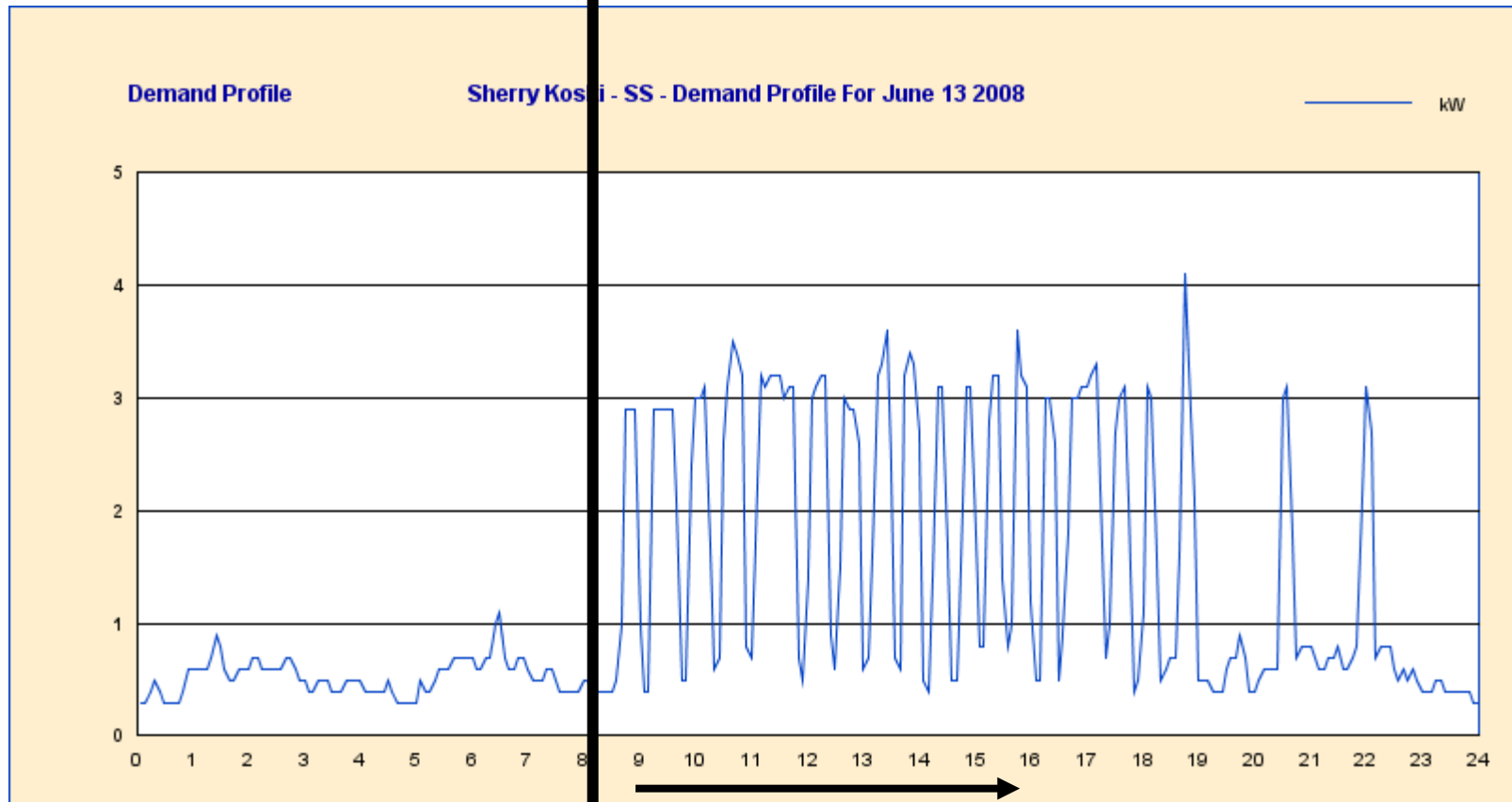
July 12 2007



**IMPORTED FROM
WOODSTOCK HYDRO**

**EXPORTED TO
WOODSTOCK HYDRO**

Base-load Identification



Increased demand

- air conditioner
- lighting

Customer Desire

- Utility billing/collection tool, to customer choice
- Customer requests to maintain Prepay as an option
- Landlord request to continue offering as rental incentive
- Conservation and Demand Management

At a Crossroad

- Eliminate prepayment option?
- Apply to OEB as part of Smart meter application?
- Apply for approved rate outside Smart metering application?
- Lost conservation results?
- Lost customer savings?
- 20 years of culture change and evolution lost?

Mr. Gary Dassy – Prepay Customer

SEC Interrogatories

Appendix E

London Free Press – Geoff Dale

Oxford Enjoys Legacy for Innovation

Oxford enjoys legacy for innovation

By GEOFF DALE

WOODSTOCK - The official launch of the new Energy Savings Finance Program earlier this week was newsworthy from a number of standpoints -- not just for this community, but also for Oxford County and the province of Ontario in general.

Firstly, it demonstrated once again that the Woodstock Hydro Services (WHS) not only grasps the need for a fundamental shift in our approach to energy savings, but it has also initiated a tangible move toward that change. And, with one in every four Woodstonians already taking part in WHS's innovative pay-as-you-go hydro system, this marks the second time in recent years that WHS has been the leading force of a major energy conservation program.

This time, the initiative focuses on offering businesses up to four-per-cent savings off market rates for financing required for their power saving upgrades. This is in addition to Natural Resources Canada (NRCan) incentives. From the onset, WHS is pumping \$100,000 into interest rate subsidies, taking the program into the next year.

CIT Financial Ltd is the joint partner in the venture, with Dofasco Automotive Components already on board and other power customers reportedly eager to take part.

During this week's ceremony, Ontario Energy Minister Donna Cansfield made several interesting observations about the importance of such a project. She told business leaders and officials from all levels of government that the simple practice of everyone replacing four standard 60-watt bulbs with 13-watt compact fluorescent units would result in savings large enough to close a large coal-burning plant.

What's intriguing is that this project isn't emanating from a large Canadian centre but from a smaller rural/urban community with a population base of about 35,000. Woodstock Mayor Michael Harding, however, pointed out that it's not uncommon for small cities and towns to give birth to such innovative thinking. In fact, he suggested it's more the rule, than the exception.

History backs up the mayor's observations both in the urban and rural sectors throughout Oxford County.

Consider the following small sampling:

- * Woodstock was the first community in Canada to launch the pay-as-you-go hydro system.
- * The city has been an acknowledged leader throughout the region in the Communities in Bloom competition.
- * Ingersoll was the site of the first commercial cheese factory in Canada, constructed by James Harris in 1865.
- * The first powdered milk in Canada was produced in 1903 in Brownsville.
- * The Oxford County Library was one of six Canadian libraries recognized in 2000 with an Industry Canada Library Net Best Practices Award for innovative use of the Internet. The Oxford branch, in conjunction with the County Board of Health, developed the Services 4 Children Web site to support families, particularly low-income ones, in the community.
- * The first recorded baseball game took place in Beachville on June 4, 1838 between the Zorras and the local Beachville squad.
- * The first Canadian woman to openly practise medicine was Emily Howard Stowe of Norwich Township. She was also the first female public school principal and a founding member of the Canadian Women's Suffrage Association. She was born May 1, 1831, and died April 30, 1903.
- * She wasn't the first but Woodstock's Bernadette Smith takes home the silver for being Ontario's second elected female mayor (1951). Barbara Hanley of another small community in Northern Ontario, Webbwood, grabbed the gold in the late 1930s.
- * Over the years, Oxford County has enjoyed an international reputation for the Holstein-Friesian breed. In 1924, seed stock from James Rettie and Alfred E. Hulet resulted in a superior breed known throughout Canada and the world.
- * The Pride of Oxford County -- the Snow Countess -- was the first cow of any breed to establish six 1,000-butterfat records.

Now we can add two more firsts for energy conservation to a rapidly growing list of impressive innovations for both Woodstock and Oxford County.