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2 **5.0 COST OF CAPITAL AND CAPITAL STRUCTURE**

3 **5.1 OVERVIEW OF CAPITAL STRUCTURE**

4 In this Exhibit, Energy+ is providing evidence regarding its capital structure, component costs,
5 and the calculation of return on equity and debt for the 2019 Test Year. This Exhibit has been
6 prepared in a manner consistent with the *Report of the Board on Cost of Capital for Ontario's*
7 *Regulated Utilities* issued December 11, 2009 ("Cost of Capital Report"). Energy+ has relied on
8 the Board's letter titled Cost of Capital Parameter Updates for 2018 Applications dated November
9 23, 2017 for the cost of capital parameters. Energy+ acknowledges that these rates are subject
10 to update at such time as the 2019 Cost of Capital parameters are issued by the Board.

11 Energy+ was legally formed on January 1, 2016 as a result of the amalgamation of the former
12 Cambridge and North Dumfries Hydro Inc. ("CND") and the former Brant County Power Inc.
13 ("BCP"). The former CND acquired the former BCP on November 28, 2014. As part of the
14 Ontario Energy Board's ("OEB") Final Decision on CND's acquisition of BCP, the OEB approved
15 CND's request to legally amalgamate the two companies within 18 months of the closing of the
16 acquisition (EB-2014-0217 and EB-2014-0223). Upon the legal amalgamation, the distribution
17 license of BCP was cancelled and the former CND's license was amended to incorporate the
18 additional service territory, as well as the change in the legal name.

19 Energy+ is a wholly owned subsidiary of Cambridge and North Dumfries Energy Plus Inc., which
20 is owned by the City of Cambridge (92.1%) and the Corporation of the Township of North Dumfries
21 (7.9%). Share capital consists of 1,001 common shares in the amount of \$38,224,093.

22 As part of the legal amalgamation, Cambridge and North Dumfries Energy Plus Inc. received
23 1,001 common shares in the newly amalgamated Energy+. The shares of the former CND and
24 BCP were cancelled. No securities were issued and no assets were distributed by Energy+ as
25 part of the legal amalgamation. There have been no additional issuances or redemption of any
26 type of shares (common or preferred) and as such, there has been no profit or loss associated
27 with the redemption of shares.

1 In 2015, the former CND underwent a corporate refinancing, including: (i) establishing a corporate
2 credit rating with Standard & Poor's ("S&P"); (ii) issuing \$50MM in long-term debt (Senior
3 Unsecured Debentures); (iii) establishing a \$35MM credit facility with a financial institution for
4 general corporate purposes and working capital requirements; and (iv) repaid all of the
5 outstanding short-term debt of the former CND and BCP. The former CND also had existing
6 long-term debt with a financial institution of \$35MM. Upon legal amalgamation, all of the long-
7 term debt and the credit facility were assumed by Energy+. S&P continues to provide a corporate
8 credit rating for Energy+. Energy+ is rated A/stable. A copy of the credit rating report is included
9 in Exhibit 1, Appendix 1-4.

10 **5.1.1 2014 Board Approved Proxy**

11
12 The last Board Approved amounts were established for each of these entities in the
13 following Applications:

- 14 • CND – 2014 Rate Rebasing, EB-2013-0116
- 15 • BCP – 2011 Rate Rebasing, EB-2010-0125

16 As a result of the acquisition and subsequent amalgamation, and in light of the fact that
17 each of the former utilities had different rate rebasing years, Energy+ has developed a
18 2014 Board Approved Proxy Capital Structure and Cost of Capital Proxy to provide for
19 comparative purposes.

20 For purposes of this Exhibit, the 2014 Board Approved Proxy was calculated as the
21 aggregate of:

- 22 • Former CND Board Approved Cost of Capital, as approved in EB-2013-0116; and
- 23 • Former BCP Board Approved Cost of Capital for 2011, as approved in EB-2010-0125,
24 as inflated for Working Capital requirements in 2012, 2013, 2014 utilizing the Board
25 Incentive Rate-making Mechanism ("IRM") inflation factors for each of those years for
26 the former BCP.

1 Energy+ proposes to utilize the 2014 Board Approved Proxy to facilitate a comparison of Rate Base in a manner consistent
2 with the current Energy+ corporate structure and Board Filing Requirements. Table 5-1 provides the components of the 2014
3 Board Approved Proxy.

4 **Table 5-1: 2014 Board Approved Proxy for Rate Base and Capital Structure**

2014 BOARD APPROVED - FORMER CND			2014 BOARD APPROVED PROXY - FORMER BCP			BOARD APPROVED 2014 PROXY - ENERGY+		
Description	Deemed Portion	Effective Rate	Description	Deemed Portion	Effective Rate	Description	Deemed Portion	Effective Rate
Long-Term Debt	56%	4.96%	Long-Term Debt	56.00%	5.32%	Long-Term Debt	56.00%	5.01%
Short-Term Debt	4%	2.11%	Short-Term Debt	4.00%	2.46%	Short-Term Debt	4.00%	2.16%
Return On Equity	40%	9.36%	Return On Equity	40.00%	9.58%	Return On Equity	40.00%	9.39%
Weighted Debt Rate		4.77%	Weighted Debt Rate		5.13%	Weighted Debt Rate		4.82%
Regulated Rate of Return		6.61%	Regulated Rate of Return		6.91%	Regulated Rate of Return		6.65%
Distribution Expenses			Distribution Expenses			Distribution Expenses		
Distribution Expenses - Operation		2,342,789	Distribution Expenses - Operation		885,726	Distribution Expenses - Operation		3,228,515
Distribution Expenses - Maintenance		1,995,344	Distribution Expenses - Maintenance		666,585	Distribution Expenses - Maintenance		2,661,929
Billing and Collecting		2,944,585	Billing and Collecting		786,024	Billing and Collecting		3,730,609
Community Relations		151,100	Community Relations		182,607	Community Relations		333,707
Administrative and General Expenses		7,064,034	Administrative and General Expenses		1,392,637	Administrative and General Expenses		8,456,671
Total Eligible Distribution Expenses		14,653,516	Total Eligible Distribution Expenses		3,913,579	Total Eligible Distribution Expenses		18,567,095
Power Supply Expenses		158,801,115	Power Supply Expenses		23,956,159	Power Supply Expenses		182,757,274
Total Working Capital Expenses		173,454,631	Total Working Capital Expenses		27,869,738	Total Working Capital Expenses		201,324,369
Working Capital Allowance @	13.00%	22,549,102	Working Capital Allowance @	15.00%	4,180,461	Working Capital Allowance @	13.28%	26,729,563
RATE BASE CALCULATION FOR 2014 BA			RATE BASE CALCULATION FOR 2014 BA PROXY			RATE BASE CALCULATION FOR BA PROXY		
Fixed Assets Opening Balance 2014		104,264,256	Fixed Assets Opening Balance 2011		15,921,002	Fixed Assets Opening Balance 2014		120,185,258
Fixed Assets Closing Balance 2014		114,354,376	Fixed Assets Closing Balance 2011		17,631,388	Fixed Assets Closing Balance 2014		131,985,764
Average Fixed Asset Balance for 2014		109,309,316	Average Fixed Asset Balance for 2011		16,776,195	Average Fixed Asset Balance for 2014		126,085,511
Working Capital Allowance		22,549,102	Working Capital Allowance		4,180,461	Working Capital Allowance		26,729,563
Rate Base		131,858,418	Rate Base		20,850,620	Rate Base		152,815,074
Regulated Rate of Return		6.61%	Regulated Rate of Return		6.91%	Regulated Rate of Return		6.65%
Regulated Return on Capital		8,710,567	Regulated Return on Capital		1,440,694	Regulated Return on Capital		10,155,123
Deemed Interest Expense		3,770,596	Deemed Interest Expense		641,699	Deemed Interest Expense		4,415,361
Deemed Return on Equity		4,936,779	Deemed Return on Equity		798,996	Deemed Return on Equity		5,739,762

5

1 **5.2 CAPITAL STRUCTURE**

2
3 Energy+ is requesting the deemed capital structure as provided by the Cost of Capital Report
4 comprising: 56% long-term debt, 4% short-term debt, and 40% equity. This structure is
5 unchanged from Energy+'s current approved structure with respect to the former CND's 2014
6 Cost of Service Application and is also consistent with the structure that was in place for the
7 former BCP.

8 Table 5-2 summarizes Energy+'s proposed deemed capital structure for the 2019 Test Year of
9 \$171,191,397, comprised of (i) Deemed Debt of \$102,714,838, including the Short-term Debt
10 component of \$6,847,656 and Long-term Debt of \$95,867,182; and (ii) Deemed Equity of
11 \$68,476,559.

12 **Table 5-2: 2019 Deemed Capital Structure**

<u>Particulars</u>	<u>Capitalization Ratio</u>		<u>Cost Rate</u>	<u>Return</u>
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$95,867,182	4.37%	\$4,187,687
Short-term Debt	4.00%	\$6,847,656	2.29%	\$156,811
Total Debt	60.0%	\$102,714,838	4.23%	\$4,344,498
Equity				
Common Equity	40.00%	\$68,476,559	9.00%	\$6,162,890
Preferred Shares	0.00%	\$ -		\$ -
Total Equity	40.0%	\$68,476,559	9.00%	\$6,162,890
Total	100.0%	\$171,191,397	6.14%	\$10,507,388

13

14 **5.2.1 Long-Term Debt**

15

16 Energy+ is requesting a weighted average rate of 4.37% on Long Term Debt for the 2019
17 Test Year. The 4.37% is computed based on the weighted average of the following:

- 18 a) The actual rate of 4.96% on the \$35,000,000 Promissory Note payable to Sun Life
19 Assurance Company of Canada;

1 b) The effective rate of 3.97% on the \$50,000,000 Senior Unsecured Debentures; and

2 c) A deemed rate of 4.16% on the \$3,019,708 unsecured Promissory Note payable to
3 the Corporation of the Township of North Dumfries, based on the 2018 Cost of Capital
4 Parameters. Energy+ submits that this rate is subject to adjustment based on the
5 deemed rate for affiliate debt to be determined as part of the 2019 Cost of Capital
6 parameters; and

7 d) The Long-term Debt Rate of 4.37% on the \$7,847,479 of deemed debt in excess of
8 the actual long-term debt obligations of Energy+, based on the weighted average rate
9 of actual debt.

10 Energy+ has a \$35,000,000 unsecured Promissory Note payable to Sun Life Assurance
11 Company of Canada ("Sun Life Promissory Note") bearing interest at 4.96% per annum,
12 and maturing November 2020. Energy+ requests a debt rate of 4.96% with respect to the
13 Sun Life Promissory Note. Such rate was approved in the former CND's 2014 Cost of
14 Service Application Decision and there have been no changes to the terms of the Sun Life
15 Promissory Note since that Decision. A copy of the Sun Life Promissory Note is provided
16 in Appendix 5-1 to this Exhibit.

17 Energy+ has \$50,000,000 in 30 year, 3.929% senior unsecured debentures outstanding,
18 issued via private placement. Computershare Trust Company of Canada is the Trustee
19 ("Computershare Trust Indenture"). The effective interest rate on the debt is 3.97%, which
20 includes the 3.929% interest on the debentures plus 0.0362% of debt issuance costs. The
21 debt issuance costs of \$543,156, were amortized over 30 years, the term of the
22 debentures ($(\$543,156/30)/\$50,000,000$). The debt matures in January 2045. Energy+
23 requests a debt rate of 3.97% with respect to the Computershare Promissory Note. A
24 copy of the Computershare Trust Indenture is provided in Appendix 5-2 to this Exhibit.

25 Energy+ has a \$3,019,703 unsecured Promissory Note payable to the Corporation
26 Township of North Dumfries ("Township Promissory Note") bearing interest at 4.99% per
27 annum, and is payable on demand. Energy+ requests the deemed debt rate for affiliate
28 debt, currently 4.16%, and submits that this rate is subject to adjustment based on the
29 deemed rate for affiliate debt to be determined as part of the 2019 Cost of Capital

1 parameters. There have been no changes to the terms of the Township Promissory Note
 2 since the former CND's 2014 Cost of Service Decision. A copy of the Township
 3 Promissory Note is attached in Appendix 5-3 to this Exhibit.

4 Energy+ also has intercompany debt in the amount of \$3,665,000 owing to its parent
 5 company, Cambridge and North Dumfries Energy Plus Inc. ("CND Energy Plus"). This
 6 amount represents cash that was advanced by CND Energy Plus, was combined with
 7 Energy+'s cash. By combining the cash balances of the corporate group of companies, a
 8 higher interest rate is earned than may be possible if each company invested
 9 independently. No net interest expense is recorded by Energy+ on this intercompany debt
 10 as the amount of interest expense on the intercompany debt is equivalent to the proportion
 11 of interest income earned on the \$3,665,000 as a percentage of the total cash investment
 12 for the corporate group of companies. This investment strategy has been in place since
 13 February 2009.

14 Table 5-3, below, provides of the computation for the amount of deemed debt which is in
 15 excess of Energy+'s current long term debt.

16 The amount of deemed debt in excess of the current long-term debt is computed as the
 17 amount of Deemed Long-term Debt less the amount of the Sun Life Promissory Note,
 18 the Computershare Promissory Note and the Township Promissory Note, which is
 19 \$9,526,119.

Table 5-3: Deemed Debt in Excess of Current Long Term Debt

Deemed Debt in Excess of Current Long Term Debt		
Deemed Long Term Debt Percentage	56.00%	A
2019 Rate Base	\$171,191,397	B
Deemed Long Term Debt	\$95,867,182	C = A * B
Actual Long Term Debt	\$88,019,703	D
Deemed Debt in Excess of Current Long Term Debt	\$7,847,479	E = C - D

1 **5.2.2 Short-term Debt**
2

3 Energy+ is requesting a Short Term Debt rate of 2.29% for the 2019 Test Year in
4 accordance with the Cost of Capital Parameter Updates for 2018 Cost of Service
5 Applications issued by the Board on November 23, 2017. Energy+ understands that the
6 Board will provide future updates to the Cost of Capital parameters applicable to 2019
7 Cost of Service Applications. Energy+'s use of a Return on Short Term Debt of 2.29% is
8 without prejudice to any revisions that may be adopted by the Board in late 2018.

9 **5.2.3 Return on Equity**
10

11 Energy+ is requesting a return on equity ("ROE") for the 2019 Test year of 9.00%, in
12 accordance with the Cost of Capital Parameter Updates for 2018 Cost of Service
13 Application issued by the OEB on November 23, 2017. Energy+ understands that the
14 Board will provide future updates to the Cost of Capital parameters applicable to 2019
15 Cost of Service Applications. Energy+'s use of an ROE of 9.00% is without prejudice to
16 any revised ROE that may be adopted by the Board in late 2018.

17 **5.2.4 Capital Structure and Cost of Capital**
18

19 Tables 5-4 to 5-7 below are a reproduction of Appendix 2-OA that summarizes the
20 elements of the capital structure and cost of capital for the 2014 Board Approved Proxy
21 and the 2019 Test Year. As noted previously, the 2014 Board Approved Proxy is created
22 by combining: (i) the former BCP 2011 Board Approved and the former CND 2014 Board
23 Approved.
24

25 For 2019 Test Year, the 2018 cost of capital parameters were used to calculate the
26 deemed interest and return included in the proposed revenue requirement.

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Table 5-4: 2014 Board Approved Proxy

**Appendix 2-OA
Capital Structure and Cost of Capital**

This table must be completed for the last Board-approved year and the test year.

		Year: 2014			
		Energy+ Inc. - 2014 Board Approved Proxy			
Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$85,576,441	5.01%	\$4,283,464
2	Short-term Debt	4.00% (1)	\$6,112,603	2.16%	\$131,897
3	Total Debt	60.0%	\$91,689,044	4.82%	\$4,415,361
	Equity				
4	Common Equity	40.00%	\$61,126,030	9.39%	\$5,739,762
5	Preferred Shares	0.00%	\$ -		\$ -
6	Total Equity	40.0%	\$61,126,030	9.39%	\$5,739,762
7	Total	100.0%	\$152,815,074	6.65%	\$10,155,123

Notes

- (1) 4.0% unless an applicant has proposed or been approved for a different amount.
(2) 2014 Board Approved Proxy has been computed based on (i) Former CND 2014 Board Approved plus (ii) Former BCP 2011 Board Approved, adjusted for IRM factor between 2011-2014 on OM&A and Cost of Power. Average Fixed Assets based on 2011 Board Approved.

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Table 5-5: 2019 Test Year
Appendix 2-OA
Capital Structure and Cost of Capital

This table must be completed for the last Board-approved year and the test year.

2019					
Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$95,867,182	4.37%	\$4,187,687
2	Short-term Debt	4.00%	\$6,847,656	2.29%	\$156,811
3	Total Debt	60.0%	\$102,714,838	4.23%	\$4,344,498
	Equity				
4	Common Equity	40.00%	\$68,476,559	9.00%	\$6,162,890
5	Preferred Shares	0.00%	\$ -		\$ -
6	Total Equity	40.0%	\$68,476,559	9.00%	\$6,162,890
7	Total	100.0%	\$171,191,397	6.14%	\$10,507,388

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

(2) Based on 2018 Cost of Capital Parameters - to be updated once final 2019 Cost of Capital Parameters determined

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Table 5-6: 2014 Board Approved – Former CND

**Appendix 2-OA
 Capital Structure and Cost of Capital**

This table must be completed for the last Board-approved year and the test year.

Year: 2014 Former Cambridge Only

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$73,840,714	4.96%	\$3,659,307
2	Short-term Debt	4.00% (1)	\$5,274,337	2.11%	\$111,289
3	Total Debt	60.0%	\$79,115,051	4.77%	\$3,770,596
	Equity				
4	Common Equity	40.00%	\$52,743,367	9.36%	\$4,936,779
5	Preferred Shares	0.00%	\$ -		\$ -
6	Total Equity	40.0%	\$52,743,367	9.36%	\$4,936,779
7	Total	100.0%	\$131,858,418	6.60%	\$8,707,375

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

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Table 5-7: 2011 Board Approved – Former BCP

**Appendix 2-OA
 Capital Structure and Cost of Capital**

This table must be completed for the last Board-approved year and the test year.

Year: 2011 Former Brant Only

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$11,676,403	5.32%	\$621,185
2	Short-term Debt	4.00% (1)	\$834,029	2.46%	\$20,517
3	Total Debt	60.0%	\$12,510,432	5.13%	\$641,702
	Equity				
4	Common Equity	40.00%	\$8,340,288	9.58%	\$799,000
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$8,340,288	9.58%	\$799,000
7	Total	100.0%	\$20,850,720	6.91%	\$1,440,701

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

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5.2.5 Weighted Average Cost of Long-Term

Table 5-8 below is a reproduction of Appendix 2-OB, which lists Energy+'s long term debt instruments and weighted average cost of long term debt for the 2019 Test Year. The historical years are provided in Appendix 5-4.

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Table 5-8: Debt Instruments

**Appendix 2-OB
 Debt Instruments**

This table must be completed for all required historical years, the bridge year and the test year.

Year

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	4.99% Promissory Note	Township of North Dumfries	Affiliated	Fixed Rate	30-Jun-06	On Demand	\$ 3,019,703	4.16%	\$ 125,620	Based on 2018 Cost of Capital Parameters. To be updated for 2019 Parameters
2	Promissory Note	Sun Life Assurance Company of Canada	Third-Party	Fixed Rate	25-Nov-05	15	\$ 35,000,000	4.96%	\$ 1,736,772	
3	Private Placement - Series A Senior Unsecured Debentures	Private Placement	Third-Party	Fixed Rate	28-Jan-15	30	\$ 50,000,000	3.97%	\$ 1,982,500	
4									\$ -	
5									\$ -	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 88,019,703	0.0436822	\$ 3,844,892	

Notes

- 1 If financing is in place only part of the year, separately calculate the pro-rated interest in the year and input in the cell.
- 2 issued by the Board.
- 3 Add more lines above row 12 if necessary.

3

1 **5.2.6 Profit or Loss on Redemption of Debt or Preferred Shares**

2 There is no profit or loss on redemption of debt or preferred shares.

3 **5.2.7 Notional Debt**

4 Notional debt is that portion of the deemed debt capitalization that results from differences
5 between the distributor's actual debt and the deemed debt thickness of 60% (56% long-
6 term debt and 4% short-term debt). As shown previously in Table 5-3, Energy+ has
7 \$7,847,479 in notional debt in the 2019 Test Year.

8 **5.3 NOT FOR PROFIT ORGANIZATIONS**

9 Energy+ is a for-profit corporation. As a result, the filing requirements associated with not-for-
10 profit corporations are not applicable.

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APPENDIX 5-1 - DEBT INSTRUMENT – SUN LIFE ASSURANCE COMPANY

Sun Life Assurance Company of Canada

Dated November 25, 2005

FIRST AMENDMENT AGREEMENT

This First Amendment Agreement is dated as of August 21, 2014 and is entered into between Cambridge and North Dumfries Hydro Inc. and Sun Life Assurance Company of Canada (this “**First Amendment Agreement**”).

RECITALS:

A. Reference is made to the credit agreement dated as of November 25, 2005 (the “**2005 Credit Agreement**”) among Cambridge and North Dumfries Hydro Inc. (the “**Borrower**”) and Sun Life Assurance Company of Canada (the “**Lender**”);

B. The Borrower and the Lender are entering into another credit agreement dated as of the date hereof whereunder the Lender will establish at \$25,000,000 term loan facility to be used in connection with the Borrower’s acquisition of all of the shares of Brant County Hydro Inc. (the “**2014 Credit Agreement**”);

C. The Borrower and the Lender have agreed to amend the 2005 Credit Agreement in order to, among other things, accommodate entering into the 2014 Credit Agreement and the share acquisition contemplated thereby and update certain disclose schedules in the 2005 Credit Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE INTERPRETATION

Section 1.01 Incorporation of 2005 Credit Agreement: This First Amendment Agreement is supplemental to and shall henceforth be read in conjunction with the 2005 Credit Agreement and the 2005 Credit Agreement and this First Amendment Agreement shall henceforth be read, interpreted, construed and have effect as, and shall constitute, one agreement with the same effect as if the amendments made by this First Amendment Agreement had been contained in the 2005 Credit Agreement as of the date of this First Amendment Agreement.

Section 1.02 Defined Terms: In this First Amendment Agreement, unless something in the subject matter or context is inconsistent:

- (a) terms defined in the description of the parties or in the recitals have the respective meanings given to them in the description or recitals, as applicable; and
- (b) all other capitalized terms have the respective meanings given to them in the 2005 Credit Agreement as amended by this First Amendment Agreement.

Section 1.03 Headings: The headings of the Articles and Sections of this First Amendment Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this First Amendment Agreement.

Section 1.04 References to and Effect on the 2005 Credit Agreement: On and after the date hereof, each reference in the 2005 Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import, shall mean and refer to the 2005 Credit Agreement as amended hereby. Except as specifically amended hereby, the 2005 Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed.

ARTICLE TWO AMENDMENTS

Section 2.01 Amendments to the 2005 Credit Agreement:

- (a) The definitions of “Borrower’s Counsel”, “GAAP”, “Lender’s Counsel”, “Royal Bank Credit Facility” and “Royal Bank Credit Agreement” shall be deleted and replaced with the following:

“**Borrower’s Counsel**” means the firm of Aird & Berlis LLP or such other firm of legal counsel as the Borrower may from time to time designate;

“**GAAP**” means, at any time, accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis (except for changes approved by the Borrower’s independent auditors in accordance with promulgations of the Canadian Institute of Chartered Accountants), and includes, without limitation, International Financial Reporting Standards;

“**Lender’s Counsel**” means the firm of Blake, Cassels & Graydon LLP or such other firm of legal counsel as the Lender may from time to time designate;

“**Royal Bank Credit Facility**” means that certain operating line of credit up to a maximum amount of \$8,000,000, a letter of credit/letter of guarantee facility up to a maximum amount of \$21,300,000, and a business VISA facility up to a maximum amount of \$100,000 made available by the Royal Bank of Canada in favour of the Borrower pursuant to the Royal Bank Credit Agreement;

“**Royal Bank Credit Agreement**” means the credit agreement dated January 15, 2010, between the Borrower, Holdco and Royal Bank of Canada in respect of the Royal Bank Credit Facility, as amended by an amending agreement dated August 11, 2010, and as further amended by an amending agreement dated January 2, 2013, as the same may be further amended, supplemented, restated or replaced from time to time;

“**Township Note**” means that certain demand promissory note of the Borrower to the Township of North Dumfries in the principal amount of \$3,019,708.38 dated as of June 30, 2006.

(b) The following new definitions shall be added to the 2005 Credit Agreement:

“**Target**” means Brant County Power Inc., an Ontario corporation;

“**Target Credit Agreement**” means the credit agreement dated November 23, 2011 between the Target and The Toronto-Dominion Bank, as amended by an amending agreement dated February 12, 2013, as the same may be further amended, supplemented, restated or replaced from time to time;

“**Target Credit Facility**” means that certain (i) operating line of credit, provided the principal amount of such operating line of credit does not exceed \$2,500,000, (ii) committed revolving facility, provided the principal amount of such term credit facility does not exceed \$8,000,000, (iii) letter of credit/letter of guarantee facility, provided such letter of credit/letter of guarantee facility does not exceed \$1,219,297 (or such greater amount as may be required in order to satisfy the prudential requirements of the Independent Electricity System Operator from time to time), and (iv) corporate VISA facility, provided the maximum amount available thereunder does not exceed \$90,000, made available to the Target by The Toronto-Dominion Bank in favour of the Target pursuant to the Target

“**Sun Life 2014 Credit Agreement**” means the credit agreement between the Lender and the Borrower dated as of August 21, 2014, as the same may be amended, supplemented, restated or replaced from time to time;

(c) Paragraph (xv) of the definition of “Permitted Liens” shall be deleted and replaced with the following:

(xv) Purchase Money Security Interests up to a maximum aggregate principal amount, at any time, of \$5,000,000, and any renewal or replacement Liens created or incurred in connection with the re-financing of any indebtedness secured by such Liens or any renewal or replacement liens.

(d) Section 7.1(a) of the 2005 Credit Agreement shall be deleted and replaced with the following:

(a) All payments to be made by the Borrower in connection with this Agreement shall be made in funds having same day value to the Lender by pre-authorized debit from the Borrower’s account at the Royal Bank of Canada, 480 Hespeler Road, Cambridge, ON, M1R 7R9 (or such other bank or account as may be designated from time to time by the Borrower) further to a debit authorization form in the form attached as Schedule “G”, unless other arrangements for payment are made by the Borrower, provided that such other arrangements are satisfactory to the Lender.

- (e) Section 9.2(a) of the 2005 Credit Agreement shall be deleted and replaced with the following:
- (a) **Debt.** Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Debt except (i) the Debt arising hereunder, (ii) the Debt listed on Schedule “E”, (iii) Debt in respect of Purchase Money Security Interests up to a maximum aggregate principal amount of \$5,000,000, and (iv) additional Debt provided that, at the time such Debt is incurred and after giving effect thereto, no Default or Event of Default shall occur or have occurred and be continuing and, without limiting the generality of the foregoing, the Borrower shall be in compliance with the financial covenant in Section 9.3.
- (f) A new paragraph (m) shall be added to Section 10.1 of the 2005 Credit Agreement:
- (m) an “Event of Default” under the Sun Life 2014 Credit Agreement.
- (g) The notice information in Section 14.1 of the 2005 Credit Agreement shall be deleted and replaced with the following:

To the Borrower:

Cambridge and North Dumfries Hydro Inc.
1500 Bishop Street, Box 1060
Cambridge, Ontario NIR 5X6

Attention: Ian Miles, President and CEO
Fax: (519) 621-0383

To Sun Life Assurance Company of Canada:

Sun Life Assurance Company of Canada
150 King Street West
Toronto, Ontario M5H 1J9

Attention: Michael Rudanycz
Fax: (416) 595-0131

- (h) A new Section 14.10 shall be added to the 2005 Credit Agreement:

14.10 Anti-Money Laundering and Anti-Terrorist Financing

The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” laws, whether within Canada or elsewhere, and any guidelines and orders thereunder (collectively, “**AML Legislation**”), the Lender may be required to obtain, verify and

record information regarding the Borrower and its Subsidiaries, and their respective shareholders, directors and senior officers who have control or influence over the transaction contemplated herein. The Borrower shall promptly provide all such information, including any supporting documentation and other evidence as may be requested by the Lender or any prospective assignee or participant, in order to comply with any applicable AML Legislation whether in existence now or hereafter.

- (i) Schedules “A” (Permitted Liens), Schedule “C” (Pending Litigation), Schedule “D” (Subsidiaries and Shareholders) and Schedule “E” (Debt) in the 2005 Credit Agreement shall be deleted and replaced with the updated schedules attached to this First Amendment Agreement.

ARTICLE THREE CONFIRMATIONS

Section 3.01 Confirmation of Representations, etc.: The Borrower represents and warrants that, as at the date of this First Amendment Agreement, (i) each of the Borrower’s representations and warranties set forth in Article VIII of the 2005 Credit Agreement is true and correct as if made on the date hereof (subject to such amendments to the applicable disclosure Schedules related to such representations and warranties as noted on the Schedules hereto); and (ii) no Event of Default or event which, with the giving of notice, the passage of time, or both, would become an Event of Default, has occurred and is continuing.

ARTICLE FOUR GENERAL

Section 4.01 Binding Nature: This First Amendment Agreement shall enure to the benefit of and be binding upon the Borrower and the Lender and their respective successors and permitted assigns.

Section 4.02 Law of Contract: This First Amendment Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of the laws of Canada applicable therein.

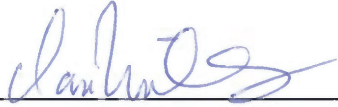
Section 4.03 Counterpart and Facsimile: This First Amendment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this First Amendment Agreement by any party by facsimile transmission, or by electronic transmission in “PDF” or other similar form, shall be as effective as delivery of a manually executed copy of this First Amendment Agreement by such party.

Section 4.04 Effectiveness. This First Amendment Agreement shall become effective when the Administrative Agent shall have received this First Amendment Agreement, duly executed by each of the parties hereto, and the Borrower and the Lender have executed and delivered the Sun Life 2014 Credit Agreement.

S1

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CAMBRIDGE AND NORTH DUMFRIES
HYDRO INC.**

By: 
Name: IAN MILES
Title: PRESIDENT & CEO

**SUN LIFE ASSURANCE COMPANY OF
CANADA**

By: _____
Name:
Title:

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CAMBRIDGE AND NORTH DUMFRIES
HYDRO INC.**

By: _____
Name:
Title:

**SUN LIFE ASSURANCE COMPANY OF
CANADA**

By: 
Name:
Title:

By: 
Name: **Keith Cressman**
Title: **Senior Managing Director
Private Fixed Income**

SCHEDULE "A"
PERMITTED LIENS

Liens in favour of The Royal Bank of Canada in respect of the Royal Bank Credit Facility.

Liens securing any (i) operating line of credit, provided the principal amount of such operating line of credit does not exceed \$8,000,000 (which may include availment by letters of credit/letters of guarantee), (ii) letter of credit/letter of guarantee facility, provided such letter of credit/letter of guarantee facility does not exceed \$21,300,000 (or such greater amount as may be required in order to satisfy the prudential requirements of the Independent Electricity System Operator from time to time), and (iii) corporate VISA facility, provided the maximum amount available thereunder does not exceed \$100,000, in either case obtained by the Borrower in replacement (or otherwise following termination) of the Royal Bank Credit Facility (or any replacement facility).

Liens in favour of The Toronto-Dominion Bank in respect of the Target Credit Facility.

Liens securing any (i) operating line of credit, provided the principal amount of such operating line of credit does not exceed \$2,500,000, (ii) committed revolving facility, provided the principal amount of such term credit facility does not exceed \$8,000,000, (iii) letter of credit/letter of guarantee facility, provided such letter of credit/letter of guarantee facility does not exceed \$1,219,297 (or such greater amount as may be required in order to satisfy the prudential requirements of the Independent Electricity System Operator from time to time), and (iv) corporate VISA facility, provided the maximum amount available thereunder does not exceed \$90,000, in either case obtained by the Borrower in replacement (or otherwise following termination) of the Target Credit Facility (or any replacement facility).

SCHEDULE "C"
PENDING LITIGATION

Nil

SCHEDULE "D"
SUBSIDIARIES AND SHAREHOLDERS

1. Subsidiaries of the Borrower:

As of the date of this Credit Agreement, the Borrower does not have any subsidiary companies. Immediately after the Closing Date (as defined in the Sun Life 2014 Credit Agreement), the Target will be the only subsidiary of the Borrower.

2. Direct and Indirect Shareholders of the Borrower:

As of the date of this Credit Agreement, the Borrower's Capital Stock is:

- Authorized Unlimited Common Shares
- Issued 1,001 Common Shares \$38,224,000

The Borrower is a wholly owned subsidiary of Cambridge and North Dumfries Energy Plus Inc. (Holdco).

Holdco is owned by the following municipalities:

- Corporation of the City of Cambridge 92.1%
- Corporation of the Township of North Dumfries 7.9%

3. Shareholders' Agreements:

Shareholders' Agreement made as of January 1, 2000 between The Corporation of the City of Cambridge, The Township of North Dumfries, and Holdco.

SCHEDULE "E"
DEBT

1. Royal Bank of Canada:

Royal Bank of Canada credit facilities (the Credit Facilities) consisting of:

- (i) Revolving Demand Facility up to \$8,000,000, by way of
 - (a) Royal Bank Prime based loans
 - (b) Overdrafts
 - (c) Bankers' Acceptance
- (ii) Letter of Guarantee \$21,300,000 non-revolving demand facility Beneficiary: Independent Electricity System Operator (IESO)
- (iii) Other facilities include a corporate VISA credit card to a maximum of \$100,000.

Security for the borrowings and all other obligations of the Borrower to the Royal Bank of Canada include:

- (a) General security agreement on the Bank's form 924, constituting first ranking security interest in all personal property of the Borrower and,
- (b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$8,000,000 signed by Cambridge and North Dumfries Energy Plus Inc.

2. Demand Promissory Note:

Demand promissory note of the Borrower to the Corporation of the Township of North Dumfries in the principal amount of \$3,019,703.38

3. The Toronto-Dominion Bank

The Toronto-Dominion Bank credit facilities in favour of the Target consisting of:

- (i) Operating Loan up to \$2,500,000, by way of
 - (a) Prime Base Loans
 - (b) Bankers' Acceptances

- (ii) Committed Revolving Facility of \$11,000,000 (of which \$8,000,000 is currently drawn), by way of
 - (a) Fixed Rate Term Loan
 - (b) Floating Rate Term Loan by way of
 - A. Prime Rate Loans
 - B. Bankers' Acceptances
- (iii) Letter of Credit Facility of \$1,219,297

Security for the borrowings and all other obligations of the Target to The Toronto-Dominion Bank including:

- (a) General security agreement
- (b) Assignment of fire insurance

CREDIT AGREEMENT

Made as of November 25, 2005.

Between

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

and

SUN LIFE ASSURANCE COMPANY OF CANADA

**Ogilvy Renault
Toronto, Ontario**

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CREDIT AGREEMENT

THIS AGREEMENT made as of November 25, 2005.

BETWEEN:

Cambridge and North Dumfries Hydro Inc., a corporation formed under the laws of the Province of Ontario, as borrower (hereinafter referred to as the "Borrower"),

- and -

Sun Life Assurance Company of Canada, one of Canada's life insurance companies, (hereinafter referred to as the "Lender")

WHEREAS the Borrower has requested that the Lender provide to it a non-revolving term loan in an aggregate amount of THIRTY-FIVE MILLION DOLLARS (\$35,000,000);

AND WHEREAS the Lender has agreed to provide such loan to the Borrower on the terms and conditions herein set forth;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained the parties hereto agree as follows:

ARTICLE I **INTERPRETATION**

1.1 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith, all capitalized terms shall have the meanings ascribed thereto as follows:

"**Affiliate**" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario) on the date of this Agreement;

"**Agreement**" means this credit agreement and all schedules and instruments in amendment or confirmation of it; and the expressions "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Agreement;

"**Arm's Length**" has the meaning ascribed thereto for the purposes of the *Income Tax Act* (Canada), as in effect as of the date hereof;

"**Assets**" means, with respect to any Person, all property, assets and undertakings of such Person of every kind and wheresoever situate, whether now owned or hereafter acquired;

"Authorization" means, with respect to any Person, any authorization, order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any Governmental Entity having jurisdiction over such Person, which have the force of Law;

"Borrower" means Cambridge and North Dumfries Hydro Inc., and its successors and permitted assigns;

"Borrower's Counsel" means the firm of Borden Ladner Gervais LLP or such other firm of legal counsel as the Borrower may from time to time designate;

"Business" means, with respect to the Borrower and its Subsidiaries, the business of distributing and selling electricity and owning, leasing and operating distribution systems and carrying on any other business which distributors of electricity are, directly or indirectly, permitted by law to engage in;

"Business Day" means any day of the year, other than a Saturday, Sunday or other day on which banks are required or authorized to close in Toronto, Ontario;

"Change of Control" means the occurrence of one or more of the following events (whether or not approved by the board of directors of any such Person) (i) Holdco shall cease to beneficially own, directly or indirectly, 100% of the votes attached to the issued and outstanding securities of the Borrower; or (ii) the Corporation of the City of Cambridge shall cease to beneficially own, directly or indirectly, at least 90% of the votes attached to the issued and outstanding securities of Holdco;

"City of Cambridge Note" means that certain demand promissory note of the Borrower to the City of Cambridge in the original principal amount of \$35,204,390.06 dated as of January 1, 2004;

"Claim" means any claim, demand, liability, obligation, cause of action, suit, proceeding, judgment, award, assessment and reassessment;

"Closing Date" means November 25, 2005 or such later date as may be agreed to by the parties hereto;

"Compliance Certificate" means a certificate of the Borrower signed on its behalf by its chief financial officer, treasurer, or any other officer acceptable to the Lender (i) stating that any financial statements delivered by it pursuant to Section 9.1(a) present fairly the financial position, results of operations and changes in financial position of the Borrower in accordance with GAAP; (ii) stating that the representations and warranties in Article VIII are true and correct in all material respects on and as of such date other than those expressed to be made as of a particular date or as otherwise disclosed to the Lender; (iii) stating that the Borrower is not in breach of any of the covenants contained in Article IX or otherwise in the Agreement as at the date thereof (or describing the details of any subsisting breach); (iv) stating that no Default or Event of Default has occurred and is continuing (or describing the details of any subsisting Default or Event of Default and the action in which the Borrower proposes to take or has taken with respect thereto); and (v) confirming compliance, at the end the relevant financial period in respect of which such certificate is delivered, with Section 9.3 and calculating the financial covenant in Section 9.3 applicable at such time;

"Consolidated Equity" means, at any time the sum of, without duplication, (i) consolidated shareholders' equity appearing on the consolidated balance sheet of the Borrower at that time and prepared in accordance with GAAP; and (ii) minority shareholders' interests in Subsidiaries appearing on that consolidated balance sheet, all as determined on a consolidated basis in accordance with GAAP;

"Credit Documents" means this Agreement and all other documents to be executed and delivered to the Lender by the Borrower or any of its Subsidiaries in connection with the Credit Facility including in respect of any Lien granted to the Lender pursuant to item (xiv) of the definition of "Permitted Liens";

"Credit Facility" means the non-revolving term loan in the amount of \$35,000,000 made available to the Borrower by the Lender pursuant to the terms hereof;

"Debt" of any Person means, at any time, any liability or obligation of the Person which, in accordance with GAAP, would be classified as indebtedness of the Person including, without duplication, (i) all indebtedness for borrowed money including borrowings of commodities, bankers' acceptances, letters of credit or letters of guarantee (excluding undrawn letters of credit and letters of guarantee in favour of the Independent Electricity System Operator in satisfaction of its prudential requirements), (ii) all indebtedness for the deferred purchase price of property or services represented by a note or other evidence of indebtedness, (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (iv) all obligations under leases which have been or should be, in accordance with GAAP, recorded as capital leases in respect of which the Person is liable as lessee, (v) the aggregate amount at which any shares in the capital of the Person which are redeemable or retractable at the option of the holder may be retracted or redeemed for cash or Debt (provided all conditions precedent for such retraction or redemption have been satisfied), and (vi) all Debt Guaranteed by the Person;

"Debt Guaranteed" by any Person means the maximum amount which may be outstanding at any time of all Debt of the kinds referred to in (i) through (v) of the definition of Debt which is directly or indirectly guaranteed by the Person or which the Person has agreed (contingently or otherwise) to purchase or otherwise acquire, or in respect of which the Person has otherwise assured a creditor or other Person against loss;

"Default" means an event which, with the giving of notice or passage of time, or both, would constitute an Event of Default;

"Default Rate" means the rate specified in Section 5.1(a) plus 2%;

"Discount Rate" means the mid-market yield (being the average of the bid and ask), determined by the Lender not more than 3 Business Days preceding the date of any prepayment (whether pursuant to Article VI, Article X or otherwise) assuming semi-annual compounding, which a non-callable Government of Canada Bond would carry if issued in Dollars in Canada, at one-hundred percent (100%) of its principal amount on such date with a term to maturity approximately equal to the period from the prepayment date to the Maturity Date plus 0.25%;

"Disposition" means with respect to any Asset of any Person, any direct or indirect sale, lease (where such Person is the lessor of such Asset), assignment, cession, transfer (including any transfer of title or possession), exchange, conveyance, release, gift, including by means of a sale-leaseback transaction, reorganization, consolidation, amalgamation or merger; and **"Dispose"** and **"Disposed"** have meanings correlative thereto;

"Distribution" means, in respect of any Person, the amount of (i) any dividend or other distribution on issued shares or other equity interests of such Person; (ii) the purchase, redemption or retirement amount of any issued shares, warrants or any other options or rights to acquire shares of the Person redeemed, retired or purchased by such Person; (iii) any payment made on, under, or in respect of, any Debt of such Person owing to a Related Party, including interest, sinking fund or any like payment; or (iv) any loan to or guarantee of the indebtedness of any Related Party;

"Dollars" and "\$" mean Canadian dollars;

"Environmental Laws" means all applicable Laws relating to the environment, health and safety matters or conditions, hazardous substances, pollution or protection of the environment, including Laws relating to (i) on site or off-site contamination; (ii) occupational health and safety relating to hazardous substances; (iii) releases of pollutants, contaminants, chemicals or other industrial, toxic or radioactive substances or hazardous substances into the environment; and (iv) the manufacture, processing, distribution, use, treatment, storage, transport or handling of hazardous substance;

"Event of Default" has the meaning specified in Section 10.1;

"Financial Quarter" means a period of three consecutive months in each Financial Year of the Borrower ending on March 31, June 30, September 30 and December 31 of each year;

"Financial Year" means, in relation to the Borrower, its financial year commencing on January 1 of each calendar year and ending on December 31 of the same calendar year;

"GAAP" means, at any time, accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis (except for changes approved by the Borrower's independent auditors in accordance with promulgations of the Canadian Institute of Chartered Accountants);

"Governmental Entity" means any (i) multinational, federal, provincial, state, municipal, local or other government, governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;

"Holdco" means Cambridge and North Dumfries Energy Plus Inc.;

"Laws" means, all legally enforceable statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards or any provisions of the foregoing, including general principles of common and civil law and equity, and Environmental Laws binding on or affecting the

Person referred to in the context in which such word is used; and "**Law**" means any one of the foregoing;

"**Lender**" means Sun Life Assurance Company of Canada;

"**Lender's Counsel**" means the firm of Ogilvy Renault LLP or such other firm of legal counsel as the Lender may from time to time designate;

"**Lien**" means liens, charges, mortgages, pledges, security interest, adverse claims, defects of title, restrictions, deposit arrangements and any other lien of any kind;

"**Make-Whole Payment**" means in respect of any prepayment of the Credit Facility hereunder (the "Principal Amount"), the amount, if any, (which shall not be less than zero) as determined by the Lender, by which (i) the present value of payments of principal and interest on the Credit Facility as contemplated in Sections 4.1 and 5.1 or which would have been required to be made pursuant to the terms hereof with respect to such Principal Amount if such prepayment had not occurred (the present value to be determined using the Discount Rate), exceeds, (ii) the Principal Amount of such prepayment. For greater certainty, (i) the total amount of any prepayment shall be the greater of (A) the Principal Amount being prepaid plus accrued interest, and (B) the Principal Amount being prepaid plus accrued interest plus any Make-Whole Payment, and (ii) if the Discount Rate is greater than the interest rate set out in Section 5.1(a), no Make-Whole Payment shall be payable;

"**Maturity Date**" has the meaning ascribed thereto in Section 2.1(b);

"**Payment Date**" means February 25, May 25, August 25, and November 25 in each year;

"**Permitted Liens**" means, in respect of any Person, any one or more of the following:

- (i) Liens for taxes, assessments or governmental charges or levies which are not delinquent or the validity of which is being contested at the time by the Person in good faith by proper legal proceedings if adequate provision has been made for their payment;
- (ii) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of construction, maintenance, repair or operation of assets of the Person, provided that such Liens are related to obligations not due or delinquent are not registered against title to any assets of the Person and in respect of which adequate holdbacks are being maintained as required by applicable law or such Liens are being contested in good faith by appropriate proceedings and in respect of which adequate provision has been made for payment and provided further that such Liens do not materially interfere with the use of such assets in the operation of the business of the Person;
- (iii) undetermined or inchoate liens, privileges, preferences and charges incidental to current operations which have not at such time been filed pursuant to law against such Person's Assets or which relate to obligations not due or delinquent;

- (iv) easements, rights-of-way, servitudes, restrictions and similar rights in real property comprised in the assets of the Person or interests therein granted or reserved to other Persons, provided that such rights do not materially interfere with the use of such assets in the operation of the business of the Person;
- (v) title defects or irregularities which are of a minor nature and which do not materially interfere with their use in the operation of the business of the Person;
- (vi) Liens resulting from the deposit of cash, letters of credit or securities in connection with tenders, contracts or governmental requirements or securing appeal bonds and other similar Liens arising in connection with court proceedings (including, without limitation, surety bonds, security for costs of litigation where required by law and letters of credit) or any other instruments serving a similar purpose, which do not materially interfere with the operations of the business of the Person;
- (vii) attachments, judgments and other similar Liens arising in connection with court proceedings; provided, however, that the Liens are in existence for less than 30 days after their creation or the execution or other enforcement of the Liens is effectively stayed or the claims so secured are being actively contested in good faith and by proper legal proceedings;
- (viii) the reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown of any real property or any interest therein or in any comparable grant in jurisdictions other than Canada, provided they do not materially interfere with the use of such assets in the operation of the business of the Person;
- (ix) Liens given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operation of the business or the ownership of the assets of the Person, provided that such Liens do not materially interfere with their use in the operation of the business of the Person;
- (x) servicing agreements, development agreements, site plan agreements, pole attachment agreements, utility agreements and other agreements with Governmental Entities and others pertaining to the use or development of any of the assets of the Person, provided same are complied with and do not materially interfere with their use in the operation of the business of the Person including, without limitation, any obligations to deliver letters of credit and other security as required;
- (xi) applicable municipal and other governmental restrictions, including municipal by-laws and regulations, affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and do not materially interfere with their use in the operation of the business of the Person;

- (xii) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Person, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (xiii) Liens described in Schedule "A";
- (xiv) Liens granted in respect of any additional Debt permitted to be incurred by the Borrower pursuant to Section 9.2(a)(iv) provided that, except in the case of Liens described in Schedule "A", contemporaneously with, or prior to, the granting of such Lien, the Lender is granted a *pari passu* Lien over the same Assets to secure the Borrower's obligation hereunder; and;
- (xv) Purchase Money Security Interests up to a maximum aggregate principal amount, at any time, of \$10,000,000, and any renewal or replacement Liens created or incurred in connection with the re-financing of any indebtedness secured by such Liens or any renewal or replacement liens.

"Person" means a natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns that have a similarly extended meaning;

"Purchase Money Security Interest" means, in respect of any Person, any Lien charging property acquired by such Person, which is granted or assumed by such Person, reserved by the transferor (including capitalized lease obligations) or which arises by operation of law in favour of the transferor concurrently with and for the purpose of the acquisition of such property, in each case where (i) the principal amount secured by such Lien is not in excess of the cost to such Person of the property acquired; and (ii) such Lien extends only to the property acquired;

"Regulatory Change" means the occurrence after the date hereof of any change in or abrogation of, or introduction, adoption, effectiveness, interpretation, reinterpretation or phase in of any:

- (i) statute, law, rule, or regulation applicable to the Lender, or
- (ii) guideline, interpretation, directive, consent, decree, administrative order, request or determination (whether or not having the force of law but if not having the force of law, such that a financial institution would ordinarily comply) applicable to the Lender of any Governmental Authority charged with the interpretation or administration of any statute, law, rule or regulation referred to in clause (a) or of any fiscal, monetary, or other authority having jurisdiction over the Lender;

"Related Party" means in respect of the Borrower (i) a Person which alone or in combination with others holds a sufficient number of securities or has contractual rights sufficient to affect materially the control of the Borrower; (ii) a Person in respect of which a Person referred to in clause (i) alone or in combination with others holds a sufficient number of securities or has contractual rights sufficient to affect materially its control; (iii) a Person in respect of which the

Borrower alone or in combination with others holds a sufficient number of securities or has contractual rights sufficient to affect materially its control; (iv) a person who beneficially owns, directly or indirectly, voting securities of the Borrower who exercises control or direction over voting securities of the Borrower or a combination of both carrying more than 10% of the voting rights attached to all voting securities of the Borrower for the time being outstanding; (v) a director or senior officer of the Borrower, Subsidiary or related party of the Borrower or such Subsidiary; or (vi) an Affiliate of any of the foregoing;

"Royal Bank Credit Facility" means that certain operating line of credit up to a maximum amount of \$8,000,000 and letter of credit/letter of guarantee facility up to a maximum amount of \$20,000,000, made available by the Royal Bank of Canada in favour of the Borrower pursuant to the Royal Bank Loan Agreement;

"Royal Bank Loan Agreement" means the letter agreement dated November 4, 2004 between the Borrower, Holdco and Royal Bank of Canada in respect of the Royal Bank Credit Facility, as amended, supplemented, restated or replaced from time to time;

"Subsidiary" means, at any time, as to any Person, any corporation, company or other Person, if at such time the first mentioned Person owns, directly or indirectly, securities or other ownership interests in such corporation, company or other Person having ordinary voting power to elect a majority of the board of directors or persons performing similar functions for such corporation, company or other Person;

"Total Capitalization" means, at any time, the aggregate of Consolidated Equity and the principal amount of Total Debt;

"Total Debt" means the aggregate of all Debt of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; and

"Township Note" means that certain demand promissory note of the Borrower to the Township of North Dumfries in the principal amount of \$3,019,708.38 dated as of January 1, 2004.

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto.

1.3 References

Any reference made in this Agreement to:

- (i) A time of day is, unless otherwise stated, a reference to Toronto time;
- (ii) Any reference to Sections, Articles or Schedules is, unless otherwise indicated, to Sections and Articles of this Agreement and to Schedules of this Agreement, as the case may be. The provisions of each Schedule

shall constitute provisions of this Agreement as though repeated at length herein; and

- (iii) A “month” is a reference period starting on one day in a calendar month to but excluding the numerically corresponding day in the next calendar month except that, where any such period would otherwise end on a day other than a Business Day, is shall end on the next Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the next proceeding Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month (and references to “months” shall be construed accordingly).

1.4 Number

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include all genders and words importing persons shall include individuals, sole proprietorships, partnerships, associations, trusts, joint ventures, unincorporated organizations, corporations, and natural persons in their capacities as trustees, executors, administrators, or other legal representatives.

1.5 Accounting Principles

Wherever in this Agreement reference is made to a calculation to be made in accordance with GAAP, such reference shall be deemed to be to GAAP from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable on a consolidated basis as at the date on which such calculation is made or required to be made in accordance with GAAP. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a consistent basis.

1.6 Per Annum Calculations

Unless otherwise stated, wherever in this Agreement reference is made to a rate of interest "per annum" or a similar expression is used, such interest shall be calculated using the nominal rate method, and not the effective rate method, of calculation and on the basis of a calendar year of 365 days or 366 days, as the case may be.

1.7 Schedules

The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedule "A" Permitted Liens

Schedule "B"	Form of Promissory Note
Schedule "C"	Pending Litigation
Schedule "D"	Subsidiaries and Shareholders
Schedule "E"	Debt
Schedule "F"	Interest Payments
Schedule "G"	Debit Authorization Form

1.8 Interpretation

Any reference to a law includes any amendment or modification to such law and any replacement thereof and any rules or regulations issued thereunder and any reference to any agreement or contract includes supplements, modifications, substitutions and amendments thereto.

ARTICLE II **CREDIT FACILITY**

2.1 Credit Facility

- (a) Subject to the terms and conditions of this Agreement, the Lender hereby agrees to extend credit to the Borrower under the Credit Facility in an amount equal to \$35,000,000, which amount shall be fully drawn down on the Closing Date.
- (b) The Credit Facility shall expire on the 15th anniversary of the Closing Date (the "Maturity Date").
- (c) The Credit Facility shall be used by the Borrower, subject to the terms and conditions of this Agreement, to repay in full the City of Cambridge Note and any balance shall be used for capital expenditures.

ARTICLE III **CONDITIONS PRECEDENT**

3.1 Conditions Precedent

The Lender's obligation to make available the Credit Facility is subject to and conditional upon the satisfaction of each of the following conditions:

- (a) the Lender has received on or prior to the Closing Date in form and substance satisfactory to the Lender and Lender's Counsel:
 - (i) this Agreement duly executed by the Borrower; and
 - (ii) certified copies of (A) the articles and certificate of incorporation of the Borrower, (B) the by-laws of the Borrower, (C) resolutions of the board of directors of the Borrower authorizing the transactions hereunder and the

execution, delivery and performance of this Agreement, and (D) a certificate of incumbency of the officers of the Borrower;

- (b) on or prior to the Closing Date,
- (i) the Lender shall have received an acknowledgment from The Bank of Nova Scotia in form and substance satisfactory to the Lender that the loan from The Bank of Nova Scotia to the Borrower in the principal amount of \$2,300,000 has been paid in full and that all security in respect of such loan will be discharged;
 - (ii) the Lender shall have received a payout letter from the City of Cambridge in form and substance satisfactory to the Lender;
 - (iii) the Lender shall have received a duly executed promissory note in respect of the Credit Facility, such note to be substantially in the form of Schedule "B" hereto;
 - (iv) the Lender shall have received a certified copy of each of the Township Note and the Royal Bank Loan Agreement;
 - (v) the Lender shall have received a direction of the Borrower regarding the payment of the proceeds of the Credit Facility directing, *inter alia*, the Lender to pay to the City of Cambridge the full amount of the City of Cambridge Note;
 - (vi) the Lender shall have received the favourable opinion of Borrower's Counsel, addressed to the Lender and Lender's Counsel such opinion to speak to the status of the Borrower and qualification to carry on business in each jurisdiction where it does so, the due authorization, execution, delivery and enforceability in accordance with their terms of this Agreement and all other Credit Documents, and otherwise to be in form and substance satisfactory to the Lender and Lender's Counsel acting reasonably;
 - (vii) the Lender shall have reviewed and be satisfied with the insurance policies maintained by the Borrower and all terms thereof (including risks and amounts of coverage) and the insurers;
 - (viii) the Lender and Lender's Counsel shall be satisfied with the results of all real property, personal property and other searches conducted in respect of the Borrower, as the Lender or Lender's Counsel may reasonably require to confirm the veracity of Schedule "E";
 - (ix) the Borrower shall have paid all out-of-pocket expenses of the Lender, including, without limitation, the fees and disbursements of Lender's Counsel;

- (x) the representations and warranties set forth in Section 8.1 shall be true and accurate in all material respects;
- (xi) no event shall have occurred which would constitute a Default or an Event of Default nor shall the advance of funds hereunder result in the occurrence of a Default or an Event of Default;
- (xii) the Lender shall have received such additional evidence, documents or undertakings as the Lender may reasonably request to establish the consummation of the transactions contemplated hereby, the taking of all proceedings in connection herewith and compliance with the conditions set forth in this Agreement; and
- (xiii) the Lender shall have received a completed debit authorization form in the form attached as Schedule "G".

3.2 Waiver

The terms and conditions of Section 3.1 are inserted for the sole benefit of the Lender and the Lender may waive them in whole or in part with or without terms or conditions.

ARTICLE IV REPAYMENT AND ACCOUNTS

4.1 Repayment

Subject to Article X hereof, unless otherwise prepaid pursuant to the terms hereof, the outstanding principal amount of the Credit Facility and all accrued and unpaid interest thereon and any other amounts payable hereunder shall be repaid in full on the Maturity Date.

4.2 Accounts kept by the Lender

The Lender shall keep in its books, accounts for the Credit Facility and other amounts payable by the Borrower under this Agreement (the "Accounts"). The Lender shall make appropriate entries showing, as debits, the amount of the indebtedness of the Borrower in respect of the Credit Facility, the amount of all accrued interest, and any other amount due to the Lender pursuant hereto, and showing, as credits, each payment or repayment of principal and interest made in respect of such indebtedness, as well as any other amount paid to the Lender pursuant hereto. Such Accounts shall constitute (in the absence of manifest error) prima facie evidence of their content against the Borrower. The Lender shall supply the Borrower with statements of such Accounts annually as of December 31 in each year and also upon request.

ARTICLE V PAYMENTS OF INTEREST

5.1 Interest on Loans

- (a) The Borrower shall pay the Lender interest on the principal amount of the Credit Facility at a rate per annum equal to 4.993 %.

- (b) The interest on the Credit Facility shall be calculated quarterly, compounded semi-annually and payable quarterly in arrears on each Payment Date for the period from and including the previous Payment Date (or the Closing Date in the case of the first Payment Date) up to and including the last day of the month immediately preceding the month in which the current Payment Date falls and shall be calculated on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be and for greater certainty shall be payable as indicated on Schedule "F". The yearly rate of interest to which the rate determined in accordance with this Section 5.1(b) is equivalent, is the rate so determined multiplied by the actual number of days in that year and divided by 365 or 366, as the case may be.

5.2 No Deduction, etc.

All interest payments to be made hereunder shall be paid without allowance or deduction for deemed re-investment or otherwise, both before and after maturity and before and after default and/or judgment, if any, until payment thereof, and interest shall accrue on overdue interest, if any at the Default Rate.

ARTICLE VI PREPAYMENTS

6.1 Prepayment of the Credit Facility

The Borrower may prepay the Credit Facility, in whole or in part, upon giving the Lender at least 30 days' prior written notice of its intention to do so (such notice to specify the amount being prepaid), provided that the Borrower shall be required to pay to the Lender, contemporaneously with such prepayment, any Make-Whole Payment applicable.

6.2 Prepayment Terms

- (a) Amounts of the Credit Facility prepaid pursuant to Section 6.1 shall permanently reduce the Credit Facility and may not be reborrowed.
- (b) Each partial prepayment under Section 6.1 shall be in a minimum aggregate principal amount of \$1,000,000 and multiples of \$1,000,000 thereafter.
- (c) Each notice of prepayment given pursuant to this Article shall be irrevocable and shall specify the date upon which such prepayment is to be made.

ARTICLE VII PLACE AND APPLICATION OF PAYMENTS

7.1 Place of Payment of Principal, Interest and Fees

- (a) All payments to be made by the Borrower in connection with this Agreement shall be made in funds having same day value to the Lender by pre-authorized debit from the Borrower's account at the Royal Bank of Canada, 15 Sheldon Drive, Cambridge, Ontario N1R 6R8, Transit No.: 1616, Account No.: 100-616-2,

(or such other bank or account as may be designated from time to time by the Borrower) further to a debit authorization form in the form attached as Schedule "G", unless other arrangements for payment are made by the Borrower, provided that such other arrangements are satisfactory to the Lender.

- (b) Whenever a payment is due on a day which is not a Business Day, the day for payment is the following Business Day.

7.2 Application of Payments

If any Event of Default shall occur and be continuing, all payments made by the Borrower hereunder shall be applied in the following order to amounts due hereunder as:

- (i) costs and expenses;
- (ii) fees payable to the Lender;
- (iii) default interest;
- (iv) interest, and
- (v) principal.

7.3 No Set-Off or Counterclaim by the Borrower

All payments by the Borrower shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.

7.4 When Due Date Not Specified

Whenever this Agreement does not provide a date when any amount payable hereunder shall be due and payable such amount shall be due and payable on the Business Day following written notice or demand for payment thereof by the Lender, save that nothing hereinbefore provided shall in any way affect or alter the rights and remedies available to the Lender under Article X.

ARTICLE VIII **REPRESENTATION'S AND WARRANTIES**

8.1 Borrower's Representations and Warranties

The Borrower represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties:

- (a) **Incorporation and Qualification.** The Borrower and each of its Subsidiaries is a corporation duly incorporated, continued or amalgamated as the case may be, and validly existing under its jurisdiction of incorporation, continuance or amalgamation, as the case may be, and is duly qualified, licensed or registered to carry on its business under the Laws applicable to it in all jurisdictions in which the nature of its Assets or business makes such qualification necessary and where

failure to be so qualified would have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole.

- (b) **Corporate Power.** The Borrower and each of its Subsidiaries has all requisite corporate power and authority to (i) own and operate its properties and Assets and to carry on its business; and (ii) to enter into and perform its obligations under this Agreement and the other Credit Documents to which it is a party.
- (c) **Conflict With Other Instruments.** The execution and delivery of the Credit Documents by the Borrower and the performance by it of its obligations thereunder and compliance with the terms, conditions and provisions thereof, will not (i) conflict with or result in a breach of any of the terms, conditions or provisions of (t) its constating documents or by-laws, (u) any applicable Law, (v) any material contractual restriction binding on or affecting it or its properties, or (w) any judgment, injunction, determination or award which is binding on it; or (ii) result in, require or permit (x) the imposition of any Lien in, on or with respect to the Assets now owned or hereafter acquired by it, (y) the acceleration of the maturity of any Debt binding on or affecting it, or (z) any third party to terminate or acquire any rights which, once terminated or acquired would have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole.
- (d) **Authorization, Governmental Approvals, etc.** The execution and delivery of each of the Credit Documents by the Borrower and the performance by it of its obligations thereunder have been duly authorized by all necessary corporate action and no Authorization, under any applicable Law, and no registration, qualification, designation, declaration or filing with any Governmental Entity, is or was necessary therefor or to perfect the same, except as are in full force and effect, unamended, at the date hereof (or as may become necessary subsequent to the date hereof and notice of which has been given to the Lender).
- (e) **Execution and Binding Obligation.** This Agreement and the other Credit Documents to which the Borrower is a party have been duly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally; and (ii) the discretion that a court may exercise in the granting of equitable remedies.
- (f) **Authorizations, etc.** The Borrower and each of its Subsidiaries possesses all material Authorizations of federal, provincial and local governments and regulatory authorities as may be necessary to properly conduct its Business.
- (g) **Ownership of Property.** Each of the Borrower and its Subsidiaries owns its Assets with good (and, with respect to any immovable or real property, marketable) title thereto, free and clear of all Liens, except for Permitted Liens.
- (h) **Compliance with Laws.** The Borrower and its Subsidiaries are in compliance with all applicable Laws, non-compliance with which would have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole.

- (i) **No Litigation.** Except as disclosed in Schedule "C", there are no actions, suits or proceedings pending, taken or, to the Borrower's knowledge, threatened, before or by any Governmental Entity or by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law, and no law or regulation which may affect the Borrower or any of its Subsidiaries has been enacted, promulgated or applied which challenges, or to the best of the knowledge of the Borrower, has been proposed, in each case, which would have a material adverse effect on the Borrower and its Subsidiaries taken as a whole.
- (j) **Financial Statements.** The historical financial statements of the Borrower which have been furnished to the Lender in connection with this Agreement present fairly the financial position, results of operations and changes in financial position of the Borrower in accordance with GAAP as of the dates referred to therein.
- (k) **Tax Liability.** The Borrower and its Subsidiaries have filed all material tax or similar returns which are required to be filed and has paid all material taxes, payments in lieu of taxes, interest and penalties, if any, which have become due pursuant to such returns or pursuant to any assessment received by it, except any such assessment which is being contested in good faith by proper legal proceedings.
- (l) **Corporate Structure.** As at the date hereof, the only Subsidiaries of the Borrower are as set out on Schedule "D". As at the date hereof, the only direct and indirect, shareholders of the Borrower are set forth in Schedule "D". Schedule "D" sets forth the complete particulars at the date hereof of (i) such shareholders; and (ii) the interest of each shareholder in the Borrower. Except as described in Schedule "D", as at the date hereof, none of the shareholders is a party to any unanimous shareholders or other agreement relating to the shares owned by such shareholder.
- (m) **Disclosure.** All (i) forecasts, projections and other future orientated information supplied to the Lender were prepared in good faith, based on assumptions believed to be reasonable (as of the date thereof) and are or were, in the opinion of the Borrower's management when taken together, reasonable estimates (as of the date thereof) of the prospects for the Business; and (ii) other written information heretofore supplied to the Lender (which, for greater certainty, does not include financial statements or forecasts and projections and other future orientated information) by the Borrower is complete and accurate in all material respects. There is no fact known as of the date hereof to the Borrower which materially adversely affects the Business, condition, affairs, operations, property, Assets or prospects of the Borrower and its Subsidiaries taken as a whole, which has not been fully disclosed to the Lender. There has been no change which has had or can be reasonably anticipated to have a material adverse effect on the Business, operations, results of operations, Assets or financial condition of the Borrower and its Subsidiaries, taken as a whole since the date of the last audited financial statements of the Borrower delivered to the Lender.

- (n) **Business, Debt.** The Borrower (i) has not conducted any business other than the Business, and (b) does not have any Debt as of the date hereof, except as described on Schedule "E".
- (o) **Pari Passu Ranking.** The obligations of the Borrower hereunder are direct unsecured obligations of the Borrower and rank at least *pari passu* in priority of payment and equally in all other respects with (i) the Township Note; and (ii) all of the Borrower's other unsecured and unsubordinated indebtedness and obligations from time to time outstanding.

8.2 Nature of Representations and Warranties

The representations and warranties herein set forth or contained in any certificates or documents delivered to the Lender pursuant hereto shall not merge in or be prejudiced by and shall survive any Credit Facility hereunder and shall continue in full force and effect (as of the date when made or deemed to be made) so long as any amounts are owing by the Borrower to the Lender hereunder.

ARTICLE IX COVENANTS

9.1 Affirmative Covenants

So long as any amount owing hereunder remains unpaid or the Lender has any obligation under this Agreement, and unless consent is given in accordance with Section 14.6 hereof, the Borrower shall

- (a) **Financial Reporting Requirements.** Furnish to the Lender (i) as soon as practicable, and in any event within 60 days after the end of each of the first three Financial Quarters in each Financial Year, unaudited consolidated financial statements of the Borrower, consisting of (v) a consolidated balance sheet as at the end of the Financial Quarter with comparative amounts at the end of the corresponding Financial Quarter in the previous Financial Year, (w) consolidated statements of earnings, retained earnings and changes in financial position for the Financial Quarter and for the period from the end of the previous Financial Year to the end of the Financial Quarter with comparative amounts for the corresponding periods in the previous Financial Year; (ii) as soon as practicable, and in any event within 120 days after the end of each Financial Year, audited consolidated financial statements of the Borrower, consisting of (x) a consolidated balance sheet as at the end of the Financial Year with comparative amounts at the end of the previous Financial Year, (y) consolidated statements of earnings, retained earnings and changes in financial position for the Financial Year with comparative amounts for the previous Financial Year, (z) the audit report of the Borrower's independent auditors on the financial statements specified in (ii)(x) and (y); (iii) together with the financial statements delivered pursuant to clause (i) and (ii) above, a Compliance Certificate;
- (b) **Additional Reporting Requirements.** Deliver to the Lender (i) as soon as possible, and in any event within five days after the Borrower becomes aware of

the occurrence of each Default or Event of Default, a statement of the chief financial officer, treasurer or chief operating officer of the Borrower or any other officer acceptable to the Lender setting forth the details of such Default or Event of Default and the action which the Borrower proposes to take or has taken with respect thereto; (ii) promptly notify the Lender in writing of any default, or event, condition or occurrence which with notice or lapse of time, or both, would constitute a default under any agreement in respect of Debt to which the Borrower or any of its Subsidiaries owes (contingently or otherwise) at least \$5,000,000 (or the equivalent amount in any other currency); (iii) from time to time upon request of the Lender, evidence of maintenance of all insurance required to be maintained by Section 9.1(j), including such originals or copies as the Lender may reasonably request of policies, certificates of insurance, riders and endorsements relating to such insurance and proof of premium payments; (iv) promptly, and in any event within ten days, after the Borrower or any of its Subsidiaries receives notice of any suit, proceeding or similar action commenced or threatened by any Governmental Entity or any other Person, which could have a material adverse effect on the Borrower and its Subsidiaries, taken as a whole; and (v) such other information respecting the condition or operations, financial or otherwise, of the business of the Borrower or any of its Subsidiaries as the Lender may from time to time reasonably request.

- (c) **Corporate Existence.** Except as permitted in Section 9.2(c), preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence.
- (d) **Compliance with Laws, etc.** Comply, and cause each of its Subsidiaries to comply, with the requirements of all applicable Laws, non-compliance with which could reasonably be expected to have a material adverse effect on the Borrower and its Subsidiaries taken as a whole.
- (e) **Maintenance of Properties, etc.** Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its and their respective properties used or useful in its business in all material respects in good repair, working order and condition (reasonable wear and tear excepted) and, from time to time, make all needful and proper repairs, renewals, replacements, additions and improvements thereto, so that its business may be properly and advantageously conducted at all time in accordance with prudent business management.
- (f) **Conduct of Business.** Conduct, and cause each of its Subsidiaries to conduct, its business in a prudent manner and consistent with good business practices.
- (g) **Payment of Taxes and Claims.** Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its Subsidiaries; and (ii) all material lawful Claims which, if unpaid, might by Law become a Lien (other than a Permitted Lien) upon its or its Subsidiaries' Assets, except any such tax or Claim which is being contested in good faith and by proper proceedings and Permitted Liens.

- (h) **Keeping of Books.** Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which, in all material respects, full and correct entries shall be made of all financial transactions and the Assets and its business in accordance with GAAP (to the extent applicable).
- (i) **Visitation and Inspection.** At (i) any reasonable time or times and upon reasonable prior notice, and at least semi-annually, permit the Lender to visit the properties of the Borrower or any of its Subsidiaries or the location of the chief financial officer, and to discuss the affairs, finances and accounts of the Borrower or any of its Subsidiaries with executive management including the officer appointed as (or performing the functions of) the chief financial officer thereof; and (ii) at least annually, permit the Lender to meet with the Borrower's chief financial officer for the purpose of reviewing the affairs, finances and accounts of the Borrower and its Subsidiaries.
- (j) **Maintenance of Insurance.** Maintain, in respect of itself and each of its Subsidiaries, insurance at all times with responsible insurance carriers in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or any such Subsidiary, as the case may be, operate.
- (k) **Maintenance of Authorizations.** Maintain, and cause each of its Subsidiaries to maintain, in full force and effect the Authorizations necessary to conduct its business and the business of its Subsidiaries, the failure with which to maintain could reasonably be expected to have a material adverse effect on the Borrower and its Subsidiaries taken as a whole.
- (l) **Cure Defects.** Promptly cure or cause to be cured any defects in the execution and delivery of any of the Credit Documents or any of the other agreements, instruments or documents contemplated thereby or executed pursuant thereto or any defects in the validity of enforceability thereof and at its expense, execute and deliver or cause to be executed and delivered, all such agreements, instruments and other documents as the Lender may consider necessary or desirable for the foregoing purposes.
- (m) **Further Assurances.** At the Borrower's cost and expense, upon request of the Lender, duly execute and deliver or cause to be duly executed and delivered to the Lender such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Lender to carry out more effectually the provisions and purposes of the Credit Documents.

9.2 Negative Covenants of the Borrower

So long as any amount owing hereunder remains unpaid or any Lender has any obligation under this Agreement, and unless consent is given in accordance with Section 14.6 hereof, the Borrower shall not:

- (a) **Debt.** Create, incur, assume or suffer to exist any Debt except (i) the Debt arising hereunder, (ii) the Debt listed on Schedule "E", (iii) Debt in respect of Purchase

Money Security Interests up to a maximum aggregate principal amount of \$5,000,000, and (iv) additional Debt provided that, at the time such Debt is incurred and after giving effect thereto, no Default or Event of Default shall occur or have occurred and be continuing and, without limiting the generality of the foregoing, the Borrower shall be in compliance with the financial covenant in Section 9.3.

- (b) **Liens.** Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on any of its or their, as the case may be, respective Assets, other than Permitted Liens.
- (c) **Mergers, Etc.** Enter into, or permit any of its Subsidiaries to enter into, any transaction (whether by way of reconstruction, reorganization, consolidation, amalgamation, winding-up, merger, transfer, sale, assignment, lease or otherwise) whereby all or any substantial part of its undertaking or Assets would become the property of any other Person, unless (v) immediately after giving effect thereto, no event shall have occurred and be continuing which constitutes a Default or Event of Default, (w) the corporation continuing from any such transaction shall be a corporation organized and existing under the laws of Canada or any province thereof, shall, in the case of the Borrower, be a local distribution company regulated by the Ontario Energy Board and shall be engaged solely in the same business as the Business (x) such continuing corporation shall assume the Borrower's or such Subsidiary's obligation, if any, under the Credit Documents, pursuant to an agreement in form and substance satisfactory to the Lender, provided that such agreement shall not be required if such obligations are otherwise assumed by operation of Law, and (y) the Lender shall have received an opinion of Borrower's Counsel, acceptable to it, that such transaction complies with Law and other matters of Law referred to in this Section.
- (d) **Disposal of Assets Generally.** Dispose of, or permit any of its Subsidiaries to Dispose of, any Assets to any Person, other than (i) *bona fide* Dispositions for the purpose of carrying on its business; and (ii) redundant or obsolete Assets.
- (e) **Transactions with Insiders.** Subject to the following sentences, directly or indirectly (i) purchase, acquire, lease or licence any material property, right or service from; (ii) sell, transfer, lease or licence any Assets or right to; or (iii) permit any of its Subsidiaries to purchase, acquire, lease or licence any Asset, right or service from, or sell, transfer, lease or licence any material property or right to, any Person not at Arm's Length with the Borrower or any of its Subsidiaries, except at prices and on terms not less favourable to the Borrower or any of its Subsidiaries, as the case may be, than those which would have been obtained in an Arm's Length transaction with an Arm's Length Person.
- (f) **Change in Business.** Carry on or engage in, or permit any of its Subsidiaries to carry on or engage in any activities other than the Business.
- (g) **Distributions.** (i) pay or set aside for payment any Distribution or (ii) make or permit any withdrawals or payments of money or equivalents thereof by or to its shareholders or Affiliates, whether on account of management or other fees or

otherwise (other than management and similar fees paid in the ordinary course of business), at any time other than on or following the 15th Business Day following delivery of the Borrower's quarterly financial statements or annual financial statements to the Lender pursuant to Section 9.1(a) and no such Distributions or payments shall be made unless, after giving effect to such Distribution or payment, no Default or Event of Default shall have occurred and be continuing and, without limiting the generality of the foregoing, the Borrower shall be in compliance with the financial covenant in Section 9.3.

- (h) **Township Note.** Cause, permit or agree to any amendment, supplement, variation, restatement or replacement of the Township Note, which would reasonably be expected to have a material adverse effect on the Borrower and its subsidiaries taken as a whole.

9.3 Financial Covenant

So long as any amount owing hereunder remains unpaid or the Lender has any obligations under this Agreement, and unless consent is given in accordance with Section 14.6 hereof, the Borrower shall maintain at all times during each Financial Year a ratio of Total Debt to Total Capitalization of not more than 0.75:1.

ARTICLE X EVENTS OF DEFAULT AND ACCELERATION

10.1 Events of Default

If any of the following events (each an “**Event of Default**”) shall occur and be continuing:

- (a) the Borrower shall fail to pay any principal amount due in respect of the Credit Facility when such amount becomes due and payable;
- (b) the Borrower shall fail to pay any interest in respect of the Credit Facility when the same become due and payable hereunder and such failure shall remain unremedied for five Business Days;
- (c) any representation or warranty or certification made or deemed to be made by the Borrower or any of its directors or officers in this Agreement or any other Credit Document to which it is a party shall prove to have been incorrect in any material respect when made or deemed to be made;
- (d) the Borrower shall fail to perform, observe or comply with any of the covenants contained in Section 9.3;
- (e) the Borrower shall fail to perform, observe or comply with any of the covenants contained in Section 9.1 and such failure shall remain unremedied for 30 days after the Lender has notified the Borrower of such failure;

- (f) the Borrower shall fail to perform, observe or comply with any of the covenants contained in Section 9.2 and such failure shall remain unremedied for 5 days;
- (g) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in any Credit Document to which it is a party and such failure shall remain unremedied for 45 days following notice thereof by the Lender to the Borrower;
- (h) the Borrower or any of its Subsidiaries shall fail to pay the principal of or premium or interest on any of its Debt (excluding any Debt hereunder) which is outstanding in an aggregate principal amount exceeding \$5,000,000 (or the equivalent amount in any other currency), when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist, and shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to any such Debt, if the effect of such event is to accelerate, or permit the acceleration of such Debt; or any such Debt shall be declared to be due and payable prior to the stated maturity thereof;
- (i) any judgment or order for the payment of money in excess of \$5,000,000 (or the equivalent amount in any other currency) shall be rendered against the Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or (ii) there shall be any period of thirty consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;
- (j) the Borrower or any of its Subsidiaries shall (i) become insolvent or generally not pay its debts as such debts become due; (ii) admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; (iii) institute or have instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other similar corporate proceeding involving or effecting its creditors, or (z) the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its Assets, and in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its Assets) shall occur; or (iv) take any corporate action to authorize any of the foregoing actions;
- (k) the occurrence of a Change of Control; or

- (l) there shall occur any amendment to any Authorization enabling the Borrower or any of its Subsidiaries to carry on its business which could reasonably be expected to have a material adverse effect on the Borrower's or any of its Subsidiaries' ability to perform its obligations under the Credit Documents to which it is a party;

then, the Lender may declare the principal amount of the Credit Facility and all interest accrued thereon and all other amounts payable under this Agreement in respect of the Credit Facility, including, without limitation, any Make-Whole Payment to be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

10.2 Remedies

If any Event of Default shall occur, the Lender may, in its discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against the Borrower authorized or permitted by law for the recovery of all indebtedness and liabilities of the Borrower to the Lender and proceed to exercise any and all rights hereunder or under any other Credit Document and no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

10.3 Interest on Default

Upon the occurrence of an Event of Default, interest shall accrue on amounts due to the Lender at the Default Rate with interest on all overdue interest at the same rate, such interest to be payable on demand.

10.4 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the respective rights and remedies of the Lender hereunder or under any other Credit Document or instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other document or instrument executed pursuant to this Agreement shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by the Lender shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lender under this Agreement or any other Credit Document or instrument executed pursuant to this Agreement as a result of any other default or breach hereunder or thereunder.

10.5 Set-Off

In addition to any rights now or hereafter granted under applicable Law and not by way of limitation of any such rights, the Lender is authorized at any time or from time to time, after the occurrence of a Default or Event of Default hereunder, without notice to the Borrower or to any other Person, any such notice being expressly waived by the Borrower, to set-off and to appropriate and to apply any and all deposits, matured or unmatured, general or special and any other indebtedness at any time held by or owing by the Lender to or for the credit of or the account of the Borrower against and on account of the obligations and liabilities of the Borrower due and payable to the Lender under this Agreement, including without limitation, all claims of any nature or description arising out of or connected with this Agreement.

ARTICLE XI INCREASED COSTS; COSTS AND EXPENSES

11.1 Increased Costs, etc.

Subject to the Borrower's option to prepay upon receipt of any notice from the Lender provided for in this Section 11.1, the Borrower agrees to reimburse the Lender for any increase in the cost to the Lender of making, continuing or maintaining (or of its obligation to make, convert, continue or maintain) the Credit Facility, and for any reduction in the amount of any sum receivable by the Lender hereunder in respect of making, continuing or maintaining any portion of the Credit Facility, from time to time by reason of any Regulatory Change. Upon the Lender determining that it is entitled to be compensated for an increased cost or reduced amount hereunder, the Lender shall notify the Borrower thereof as promptly as practicable, but in any event, within six months after the Lender obtains actual knowledge thereof; provided that if the Lender fails to give such notice within six months after it obtains actual knowledge of such an event, the Lender shall, with respect to compensation payable pursuant to this Section 11.1 in respect of any increased cost or reduced amount resulting from such event, only be entitled to payment under this Section 11.1 for costs incurred from and after the date six months prior to the date that the Lender does give such notice. Such notice of the Lender hereunder shall state in reasonable detail the reasons therefor and the additional amount required to fully to compensate the Lender for such increased cost or reduced amount. Such notice shall, in the absence of clear error, be conclusive and binding on the Borrower. Upon receipt of any such notice as aforesaid, the Borrower may, instead of reimbursing the Lender providing such notice as hereinbefore provided for, have the option to, within thirty (30) days of receipt of such notice, prepay the principal amount of and interest then outstanding on the Credit Facility together with the applicable Make-Whole Payment.

11.2 Increased Capital Costs

If any Regulatory Change affects or would affect the amount of capital required or expected to be maintained by the Lender in respect of the Credit Facility and the Lender determines (in its reasonable discretion) that the rate of return on its capital is reduced to a level below that which the Lender could have achieved but for the occurrence of any such Regulatory Change, then, in any such case upon notice from time to time by the Lender to the Borrower, the Borrower may, at its option (i) within thirty (30) days of receipt of such notice, pay directly to the Lender additional amounts sufficient to compensate the Lender for such reduction in rate of

return, or (ii) prepay the outstanding principal amount of and interest on the Credit Facility with the applicable Make-Whole Payment. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of clear error, be conclusive and binding on the Borrower. In determining such amount, the Lender may use any method of averaging and attribution that it (in its reasonable discretion) shall deem applicable.

11.3 Taxes

All payments by the Borrower of principal of, and interest on, or in respect of the Credit Facility and all other amounts payable pursuant to this Agreement or any other Credit Document to the Lender shall, provided the Lender remains a resident of Canada for purposes of Part XIII of the Income Tax Act (Canada), be made free and clear of, and without deduction for any, present or future income, excise, sales, use, stamp or other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed pursuant to any Applicable Law other than franchise taxes and taxes imposed on or measured by the recipient's net income or receipts or capital, (such items referred to as "Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder or under any other Credit Document is required in respect of any Taxes pursuant to any applicable Law, then the Borrower will, provided the Lender remains a resident of Canada for purposes of Part XIII of the Income Tax Act (Canada):

- (i) pay directly to the relevant authority when required to be paid the full amount of the Taxes to be so withheld or deducted (including any taxes on the additional amount referred to in Section 11.3(iii));
- (ii) promptly forward to the Lender a copy of an official receipt or other documentation reasonably satisfactory to the Lender evidencing such payment to such authority; and
- (iii) pay to the Lender such additional amount or amounts as is necessary to ensure that the net amount actually received by such Person will be equal to the full amount such Person would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted or assessed against the Lender with respect to any payment received or receivable by the Lender hereunder or under any other Credit Document, the Lender may pay such Taxes when required to be paid (provided that the Lender shall use reasonable efforts to provide the Borrower with notice of such claim for taxes prior to making payment without any liability for any inadvertent failure to do so) and the Borrower will, provided the Lender remains a resident of Canada for purposes of Part XIII of the Income Tax Act (Canada), promptly pay such additional amounts (including any penalties, interest or expenses but excluding penalties arising from the failure of the Lender to duly make payment of Taxes so directly asserted or assessed) as is or are necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount the Lender would have received had not such Taxes been asserted or assessed. If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Lender, the required receipts or other required documentary evidence, the Borrower shall, provided the Lender remains a resident of Canada for

purposes of Part XIII of the Income Tax Act (Canada), indemnify the Lender for any incremental Taxes, interest or penalties that may become payable by any such Person as a result of any such failure. The Lender agrees to cooperate with the Borrower in completing and delivering or filing tax-related forms which would reduce or eliminate any Taxes required to be deducted or withheld on account of payment made by the Borrower under this Agreement or any other Document; provided, however, that the Lender shall not be under any obligation to execute and deliver any such form if, in the opinion of the Lender, completion of any such form could result in an adverse consequence with respect to the business or tax position of the Lender.

11.4 Costs and Expenses

The Borrower shall pay promptly upon notice from the Lender reimburse the Lender for all costs and expenses in connection with the preparation, printing, execution and delivery of this Agreement and the other documents to be delivered hereunder, whether or not any advance of funds has been made hereunder, including without limitation, the reasonable fees and out-of-pocket expenses of Lender's Counsel with respect thereto and with respect to advising the Lender as to its rights and responsibilities under this Agreement and the other Credit Documents to be delivered hereunder. The Borrower further agrees to pay within ten (10) Business Days of demand by the Lender all reasonable out-of-pocket costs and expenses in connection with the preparation or review of waivers, consents and amendments and questions of interpretation of this Agreement and in connection with the establishment of the validity and enforceability of this Agreement and the preservation or enforcement of rights of the Lender under this Agreement and other documents to be delivered hereunder, including, without limitation, all reasonable costs and expenses sustained by the Lender as a result of any failure by the Borrower to perform or observe any of its obligations hereunder, together with interest at the Default Rate from and after such 10th Business Day if such payment is not made by such time (provided any waiver or amendment fee charged by the Lender shall not exceed .10% of the outstanding principal amount of the Credit Facility).

ARTICLE XII **INDEMNIFICATION**

12.1 Indemnification by the Borrower

In addition to any liability of the Borrower to the Lender under any other provision hereof, the Borrower shall indemnify the Lender and hold the Lender harmless against any reasonable loss, costs, liabilities, claims or expense incurred by the Lender as a result of any failure by the Borrower to fulfil any of its obligations hereunder including, without limitation, any cost or expense incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by the Lender to fund or maintain the Credit Facility as a result of the Borrower's failure to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder and any breach by the Borrower of its representations contained in Section 8.1 and its covenants contained in Article IX.

12.2 Specific Environmental Indemnification

The Borrower shall indemnify the Lender and hold the Lender harmless at all times from and against any and all losses, damages and costs (including counsel fees and expenses) resulting from any legal action commenced or claim made by a third party against the Lender related to or

as a result of actions on the part of the Borrower related to or as a consequence of environmental matters or Environmental Law. The Borrower shall have the sole right, at its expense, to control any such legal action or claim and to settle on terms and conditions approved by the Borrower and approved by the party named in such legal action or claim whether it be the Lender, acting reasonably, provided that if, in the opinion of the Lender, the interests of the Lender are different from those of the Borrower in connection with such legal action or claim, the Lender shall have the sole right, at the Borrower's expense, to defend its own interests provided that any settlement of such legal action or claim shall be on terms and conditions approved by the Borrower, acting reasonably. If the Borrower does not defend the legal action or claim, the Lender shall have the right to do so on their own behalf and on behalf of the Borrower, as the case may be, at the expense of the Borrower.

12.3 Interest on Unpaid Costs and Expenses

Unless the payment of interest is otherwise specifically provided for herein, where the Borrower fails to pay any amount required to be paid by it hereunder when due having received notice that such amount is due, the Borrower shall pay interest on such unpaid amount from the time such amount is due until paid at an annual rate equal to the Default Rate.

ARTICLE XIII **ASSIGNMENTS AND PARTICIPATIONS**

13.1 No Assignments and Transfers by the Borrower

The Borrower shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder without the prior written consent of the Lender except in accordance with Section 9.2(b).

13.2 Sub-Participations

The Lender may, at its own cost, grant one or more sub-participations in (but shall not assign any of) its rights, benefits and/or obligations hereunder to third parties, without the consent of the Borrower, and upon such terms and conditions as the Lender shall determine, provided that, notwithstanding any such sub-participation, the Lender shall remain, in so far as the other parties hereto are concerned, entitled to its rights and benefits hereunder and bound by its obligations hereunder and the Borrower, shall not be obliged to recognize any such third party as having the rights against it which it would have if it had been a party hereto.

13.3 Disclosure

The Lender is hereby authorized by the Borrower to disclose to any proposed sub-participant information in the Lender's possession relating to the Borrower and any Subsidiary of the Borrower provided that such proposed sub-participant shall have executed and delivered to the Lender a written undertaking to keep confidential any such information which is not publicly available.

ARTICLE XIV
GENERAL

14.1 Notice

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by facsimile, rapifax or other electronic means of communication addressed to the respective parties as follows:

To the Borrower:

Cambridge and North Dumfries Hydro Inc.
1500 Bishop Street, Box 1060
Cambridge, Ontario N1R 5X6

Attention: John Grotheer
Facsimile No.: (519) 621-0383

To Sun Life Assurance Company of Canada:

Sun Life Assurance Company of Canada
227 King Street South
Waterloo, Ontario N2J 4C5

Attention: Director, Private Placements
Facsimile No.: (519) 888-3666

or to such other address, facsimile number or rapifax number as any party may from time to time notify the others in accordance with this Section 14.1. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, or, if made or given by electronic means of communication, on the first Business Day following the transmittal thereof.

14.2 Governing Law

This Agreement shall be conclusively deemed to be a contract made under, and shall for all purposes be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Borrower may be found.

14.3 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the Borrower, the Lender and their respective successors and assigns.

14.4 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability

in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

14.5 Whole Agreement

This Agreement and the other Credit Documents constitute the whole and entire agreement between the parties hereto and cancels and supersedes any prior agreements, undertakings, declarations, commitments, representations, written or oral, in respect thereof.

14.6 Amendments and Waivers

Any provision of this Agreement may be amended only if the Borrower and the Lender so agree in writing and, except as otherwise specifically provided herein, may be waived only if the Lender so agrees in writing.

Any such waiver and any consent by the Lender under any provision of this Agreement must be in writing and may be given subject to any conditions thought fit by the person giving that waiver or consent. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

14.7 Further Assurances

Each of the Borrower and the Lender shall promptly cure any default by it in the execution and delivery of this Agreement, the Loan Documents or of any the agreements provided for hereunder to which it is a party. The Borrower, at its expense, shall promptly execute and deliver to the Lender all such further and other documents, agreements, opinions, certificates and instruments in compliance with, or accomplishment of the covenants and agreements of the Borrower hereunder or more fully to state the obligations of the Borrower as set out herein or to make any recording, file any notice or obtain any consent, all as may be reasonably necessary or appropriate in connection therewith.

14.8 Time of the Essence

Time shall be of the essence of this Agreement.

14.9 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile), each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

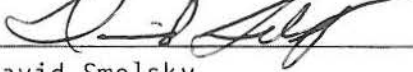
IN WITNESS WHEREOF the parties hereto have executed this Agreement.

**CAMBRIDGE AND NORTH DUMFRIES
HYDRO INC., AS BORROWER**

Per: 

Name: John Grotheer

Title: President & CEO

Per: 

Name: David Smelsky

Title: Treasurer

**SUN LIFE ASSURANCE COMPANY OF
CANADA, AS LENDER**

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____



Title: _____

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

**CAMBRIDGE AND NORTH DUMFRIES
HYDRO INC., AS BORROWER**

Per: _____
Name: _____
Title: _____
Per: _____
Name: _____
Title: _____

**SUN LIFE ASSURANCE COMPANY OF
CANADA, AS LENDER**

Per: 
Name: Keith Creseman, Assistant Vice-President
Title: Structured Finance
Per: 
Name: _____
Title: M. A. (Moe) Danis, Assistant Vice-President
Lease Finance

SCHEDULE "A"
PERMITTED LIENS

Liens in favour of The Royal Bank of Canada in respect of the Royal Bank Credit Facility.

Liens securing any (i) operating line of credit, provided the principal amount of such operating line of credit does not exceed \$8,000,000 (which may include availment by letters of credit/letters of guarantee), and (ii) letter of credit/letter of guarantee facility, provided such letter of credit/letter of guarantee facility does not exceed \$20,000,000 (or such greater amount as may be required in order to satisfy the prudential requirements of the Independent Electricity System Operator from time to time), in either case obtained by the Borrower in replacement (or otherwise following termination) of the Royal Bank Credit Facility (or any replacement facility).

SCHEDULE "B"
FORM OF PROMISSORY NOTE

Cdn. \$ 35,000,000

November ●, 2005

FOR VALUE RECEIVED Cambridge and North Dumfries Hydro Inc. (the "Borrower") hereby promises to pay to the order of **Sun Life Assurance Company of Canada** (the "Lender"), at ●, Transit No.:●, Account No.:● (or such other place as the Lender may from time to time designate), in accordance with the Credit Agreement dated as of November ●, 2005 between the Borrower and the Lender (as the same may be amended, supplemented, revised, restated or replaced from time to time, the "Credit Agreement"), the principal sum of **THIRTY-FIVE MILLION CANADIAN DOLLARS (Cdn. \$35,000,000)** with interest thereon calculated and payable quarterly at a rate per annum equal to the rate set out in Section 5.1(a) of the Credit Agreement.

Upon the occurrence of an Event of Default the entire principal amount of this Promissory Note together with accrued interest and any Make-Whole Payment shall become due and payable in accordance with the terms of the Credit Agreement.

On the Maturity Date any amounts then remaining unpaid, including principal and interest, shall be immediately paid by the Borrower to the Lender without the need for any notice, demand or observance of any other formality whatsoever.

This Promissory Note is evidence of the indebtedness issued pursuant to the Credit Agreement, is subject to and governed by the terms and conditions thereof and the other agreements and instruments referred to in the Credit Agreement, all as more particularly described and provided therein, and is entitled to the benefits thereof. Capitalized terms used but not defined herein shall have the meaning set forth in the Credit Agreement. Reference is made to the Credit Agreement for provisions regarding mandatory and optional payments and prepayments hereof, acceleration of the maturity hereof by the Lender upon the happening of certain stated events, and rates of interest after default.

The Borrower hereby waives diligence, demand, presentment, protest and notice of any kind, and assents to extensions of the time of payment, release, surrender or substitution of security, or forbearance or other indulgence, without notice. Subject to the terms of the Credit Agreement, the Borrower agrees to pay all amounts of principal, interest, and fees under this Promissory Note without offset, deduction, claim, counterclaim, defense or recoupment, all of which are hereby waived by the Borrower.

In the event the Lender or any holder hereof shall retain or engage legal counsel to collect, enforce or protect its interests with respect to this Promissory Note, the Borrower shall pay all of the reasonable costs and expenses of such collection, enforcement or protection, including reasonable legal fees, whether or not suit is instituted.

This Promissory Note shall be governed by and construed in accordance with the laws of the Province of Ontario, and shall be binding upon the successors and assigns of the Borrower and inure to the benefit of the Lender and its successors and assigns. If any term or provision of this Promissory Note shall be held invalid, illegal or unenforceable, the validity of all other terms and provisions hereof shall in no way be affected thereby.

**CAMBRIDGE AND NORTH DUMFRIES
HYDRO INC.**

Per: _____

Name:

Title:

Per: _____

Name:

Title:

SCHEDULE "C"
PENDING LITIGATION

1. Contingencies

Legal proceedings

In 1994, class actions were commenced against the Consumers Gas Company Limited (the "Garland Action") and against the former Toronto Hydro-Electric Commission (the "Pichette Action"). The action was initiated against the former Toronto Hydro-Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario, which have charged late payment penalties ("LPPs") on overdue utility bills at any time after April 1, 1981. Both actions claimed restitution for unjust enrichment arising from LPPs levied by the Defendant Class. The plaintiffs alleged that the LPPs were in essence interest and in certain circumstances exceeded the 60% interest rate limit prescribed by section 347 (1)(b) of the Criminal Code. In 1998, for technical reasons, the Pichette Action was replaced with a new class action with Jonathan Griffiths as the representative plaintiff (the "Griffiths Action")

Both actions were defended on the grounds that LPPs were not in the nature of interest, and thus did not violate section 347 of the Criminal Code. In 1998, the Supreme Court of Canada held that in the circumstances of the Garland Action, the 5% LPP constituted interest (the "First Garland Decision").

The First Garland Decision ruling did not dispose of all the issues in the Garland Action. In particular, Consumers Gas relied upon the defense that the LPPs were levied pursuant to a mandatory rate order of the Ontario Energy Board, which Consumer Gas was legally obligated to charge its customers. This defense was the subject of a second set of motions for summary judgment. It is this defense that was the subject of the Supreme Court of Canada decision ("Second Garland Decision") released on April 22, 2004.

In the Second Garland Decision, The Supreme Court of Canada ruled that the rate orders of the Ontario Energy Board contravened section 347 of the Criminal Code, which is Federal legislation and thus paramount to Provincial legislation, they were at all times constitutionally inoperative. In addition, The Supreme Court of Canada ruled that section 18 of the Ontario Energy Board Act was constitutionally inoperative to the extent that it purported to preclude a claim arising out of an alleged breach of a federal statute such as the Criminal Code.

The Supreme Court of Canada did, however rule that the Ontario Energy Board orders provided defense to a claim for restitution until the issuance of the Statement of Claim in 1994. The Court reasoned that it would be unfair to order repayment of monies collected before the validity of the Ontario Energy Board orders was put into question through litigation.

The First and Second Garland Decisions are relevant to the Griffiths Action. The plaintiffs in the Griffiths Action have indicated its intention to proceed with litigation. The Electricity Distributors Association (EDA) is undertaking the defense of this class action on behalf of the Defendant Class.

At this time, it is not possible to quantify the effect, if any, on the financial statements of Cambridge and North Dumfries Hydro Inc.

SCHEDULE "D"
SUBSIDIARIES AND SHAREHOLDERS

1. Subsidiaries of the Borrower:

As of the date of this Credit Agreement, the Borrower does not have any subsidiary companies.

2. Direct and Indirect Shareholders of the Borrower:

As of the date of this Credit Agreement, the Borrower's Capital Stock is:

- **Authorized**
Unlimited Common Shares

- **Issued**
1,001 Common Shares \$38,224,000

The Borrower is a wholly owned subsidiary of Cambridge and North Dumfries Energy Plus Inc. (Holdco).

Holdco is owned by the following municipalities:

- Corporation of the City of Cambridge 92.1%
- Corporation of the Township of North Dumfries 7.9%

3. Shareholders' Agreements:

Shareholders' Agreement made as of January 1, 2000 between The Corporation of the City of Cambridge, The Township of North Dumfries, and Holdco.

SCHEDULE "E"
DEBT

1. Royal Bank of Canada:

Royal Bank of Canada credit facilities (the Credit Facilities) consisting of:

- (i) Revolving Demand Facility up to \$8,000,000, by way of
 - (a) Royal Bank Prime based loans
 - (b) Overdrafts
 - (c) Bankers' Acceptance

- (ii) Letter of Guarantee \$20,000,000 non-revolving demand facility
Beneficiary: Independent Electricity System Operator (IESO)

- (iii) Other facilities include a corporate VISA credit card to a maximum of \$50,000.

Security for the borrowings and all other obligations of the Borrower to the Royal Bank of Canada include:

- (a) General security agreement on the Bank's form 924, constituting first ranking security interest in all personal property of the Borrower and,
- (b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$8,000,000 signed by Cambridge and North Dumfries Energy Plus Inc.

2. Demand Promissory Note:

Demand promissory note of the Borrower to the Corporation of the Township of North Dumfries in the principal amount of \$3,019,703.38

SCHEDULE "F"
INTEREST PAYMENTS

<u>PAYMENT DATE</u>	<u>INTEREST PAYMENT</u>
February 25, 2006	\$ 434,194.29
May 25, 2006	\$ 434,194.29
August 25, 2006	\$ 434,194.29
November 25, 2006	\$ 434,194.29
February 25, 2007	\$ 434,194.29
May 25, 2007	\$ 434,194.29
August 25, 2007	\$ 434,194.29
November 25, 2007	\$ 434,194.29
February 25, 2008	\$ 434,194.29
May 25, 2008	\$ 434,194.29
August 25, 2008	\$ 434,194.29
November 25, 2008	\$ 434,194.29
February 25, 2009	\$ 434,194.29
May 25, 2009	\$ 434,194.29
August 25, 2009	\$ 434,194.29
November 25, 2009	\$ 434,194.29
February 25, 2010	\$ 434,194.29
May 25, 2010	\$ 434,194.29
August 25, 2010	\$ 434,194.29
November 25, 2010	\$ 434,194.29
February 25, 2011	\$ 434,194.29
May 25, 2011	\$ 434,194.29
August 25, 2011	\$ 434,194.29
November 25, 2011	\$ 434,194.29

PAYMENT DATE

INTEREST PAYMENT

February 25, 2012	\$ 434,194.29
May 25, 2012	\$ 434,194.29
August 25, 2012	\$ 434,194.29
November 25, 2012	\$ 434,194.29
February 25, 2013	\$ 434,194.29
May 25, 2013	\$ 434,194.29
August 25, 2013	\$ 434,194.29
November 25, 2013	\$ 434,194.29
February 25, 2014	\$ 434,194.29
May 25, 2014	\$ 434,194.29
August 25, 2014	\$ 434,194.29
November 25, 2014	\$ 434,194.29
February 25, 2015	\$ 434,194.29
May 25, 2015	\$ 434,194.29
August 25, 2015	\$ 434,194.29
November 25, 2015	\$ 434,194.29
February 25, 2016	\$ 434,194.29
May 25, 2016	\$ 434,194.29
August 25, 2016	\$ 434,194.29
November 25, 2016	\$ 434,194.29
February 25, 2017	\$ 434,194.29
May 25, 2017	\$ 434,194.29
August 25, 2017	\$ 434,194.29
November 25, 2017	\$ 434,194.29
February 25, 2018	\$ 434,194.29
May 25, 2018	\$ 434,194.29

PAYMENT DATE

INTEREST PAYMENT

August 25, 2018	\$	434,194.29
November 25, 2018	\$	434,194.29
February 25, 2019	\$	434,194.29
May 25, 2019	\$	434,194.29
August 25, 2019	\$	434,194.29
November 25, 2019	\$	434,194.29
February 25, 2020	\$	434,194.29
May 25, 2020	\$	434,194.29
August 25, 2020	\$	434,194.29
November 25, 2020	\$	434,194.29

SCHEDULE "G"
DEBIT AUTHORIZATION FORM

●, 2005

(Your Company letterhead)

Sun Life Assurance Company of Canada
Structured Finance – 311C37
227 King St South Waterloo
Waterloo ON N2J 4C5

RE: Drawcheque Routine

We authorize Sun Life Assurance Company of Canada ("Sun Life") to withdraw from the bank account shown below or from any other bank account we may designate from time to time, the funds required for the quarterly payment of the amounts due as interest under the credit agreement dated November 25, 2005. Attached is a void cheque (or a facsimile of a void cheque).

This authorization can be cancelled at any time by Sun Life if a payment request is refused by the bank. Cambridge and North Dumfries Hydro Inc. can cancel this payment procedure at any time with 10 days written notice to Sun Life.

Account Name:
Account Number:
Name of Bank:
Address:
Transit Number:
Effective Date:

Sincerely,

**CAMBRIDGE AND NORTH DUMFRIES
HYDRO INC.**

Per: _____

Per: _____

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APPENDIX 5-2 - DEBT INSTRUMENT – TRUST INDENTURE

Computershare Company of Canada

Dated January 28, 2015

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.
Corporation

and

COMPUTERSHARE TRUST COMPANY OF CANADA
Trustee

FIRST SUPPLEMENTAL INDENTURE
Supplementing the Trust Indenture
Dated as of January 28, 2015

and

Providing for the issuance of
\$50,000,000 Principal Amount of 3.929% Senior Unsecured Debentures,
Series A due January 27, 2045

January 28, 2015

THIS FIRST SUPPLEMENTAL INDENTURE dated as of the 28th day of January, 2015

BETWEEN:

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC., a corporation
incorporated under the laws of Ontario (the “**Corporation**”)

- and-

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company
existing under the laws of Canada, as trustee (the “**Trustee**”)

WHEREAS the Corporation has entered into a Trust Indenture dated as of January 28, 2015 that provides for the issuance of one or more series of senior unsecured debentures of the Corporation by way of Supplemental Indentures;

AND WHEREAS this First Supplemental Indenture is entered into for the purpose of providing for the issue of \$50,000,000 aggregate principal amount of Series A Debentures pursuant to the Trust Indenture and establishing the terms, provisions and conditions of the Series A Debentures;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee;

NOW THEREFORE this First Supplemental Indenture witnesses and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 TO BE READ WITH TRUST INDENTURE

This First Supplemental Indenture is a Supplemental Indenture within the meaning of the Trust Indenture. The Trust Indenture and this First Supplemental Indenture shall be read together and shall have effect so far as practicable as though all the provisions of both indentures were contained in one instrument.

1.2 DEFINITIONS

All terms which are defined in the Trust Indenture and used but not defined in this First Supplemental Indenture shall have the meanings ascribed to them in the Trust Indenture, as such meanings may be amended by this First Supplemental Indenture. In the event of any inconsistency between the terms of the Trust Indenture and this First Supplemental Indenture, the terms in this First Supplemental Indenture prevail. Subject to the foregoing, in this First Supplemental Indenture and in the Series A Debentures, the following expressions have the following meanings:

“**Canada Yield**” on any date, shall mean the yield to maturity on such date, compounded semi-annually, and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to maturity (calculated from the Redemption Date) of the Debentures, such yield to maturity being the average of the yields provided by two Canadian investment dealers specified by the Corporation.

“**Canada Yield Price**” shall mean the price equal to the net present value of all scheduled payments of interest (other than accrued and unpaid interest) and principal on the Series A Debentures, calculated in accordance with generally accepted Canadian financial practice, using as a discount rate the sum of 0.475% and the Canada Yield calculated at 10:00 a.m. (Toronto time) on the Business Day immediately preceding the day on which the Corporation gives notice of redemption pursuant to Section 5.3 of the Trust Indenture.

“**Interest Payment Date**” means January 27 and July 27 in each year.

“**Interest Period**” means the period commencing on the later of (i) the date of issue of the Series A Debentures, and (ii) the immediately preceding Interest Payment Date and ending on the day immediately preceding the Interest Payment Date in respect of which interest is payable.

“**Series A Debentures**” means the \$50,000,000 aggregate principal amount of 3.929% Senior Unsecured Debentures, Series A due January 27, 2045 referred to in Section 2.1 of this First Supplemental Indenture.

“**Trust Indenture**” means the Trust Indenture dated as of January 28, 2015 between the Corporation and the Trustee, as amended, supplemented or restated from time to time.

1.3 DAY NOT A BUSINESS DAY

If any day on which an amount is to be determined or an action is to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day at such location.

ARTICLE 2 SERIES A DEBENTURES

2.1 CREATION AND DESIGNATION

The Corporation is authorized in accordance with the Trust Indenture to issue under this First Supplemental Indenture a series of debentures designated 3.929% Senior Unsecured Debentures, Series A due January 27, 2045, which shall have the terms set out in this First Supplemental Indenture.

2.2 LIMITATION ON AGGREGATE PRINCIPAL AMOUNT

The aggregate principal amount of the Series A Debentures which may be issued under this First Supplemental Indenture shall be limited to \$50,000,000.

2.3 DATE AND ISSUE OF MATURITY

The Series A Debentures shall be dated January 28, 2015 (regardless of their actual date of issue) and shall become due and payable, together with all accrued interest and unpaid interest thereon, on January 27, 2045 (the “**Maturity Date**”).

2.4 INTEREST

- (a) The Series A Debentures shall bear interest on the unpaid principal amount thereof at a rate of 3.929% per annum from their date of issue calculated semi-annually and payable in arrears in equal instalments on each Interest Payment Date. The first Interest Payment Date shall be July 27, 2015. The first interest payment will be a short-first coupon payable on July 27, 2015 and will be in the amount of \$968,794.52, payment equivalent to \$19.37589 per \$1,000 of principal amount outstanding.
- (b) Interest shall be payable in respect of each Interest Period (after as well as before maturity, default and judgment, with interest on overdue interest at the same rate) on each Interest Payment Date in accordance with section 2.8 of the Trust Indenture.
- (c) While the Series A Debentures are represented by a Global Debenture, the Record Date will be the close of business three Business Days preceding the relevant Interest Payment Date. If the Series A Debentures cease to be represented by a Global Debenture, the Corporation may select a Record Date which will be a date at least 10 Business Days prior to an Interest Payment Date.

2.5 REDEMPTION

The Series A Debentures are redeemable at the option of the Corporation at any time and from time to time pursuant to the provisions of Article 5 of the Trust Indenture in whole or in part before the Maturity Date. The Redemption Price for the Series A Debentures is the greater of (i) par and (ii) the Canada Yield Price, unless the Series A Debentures are redeemed within six months of the Maturity Date (i.e., on or after July 27, 2044) , in which case the Series A Debentures will be redeemable at par value and, in each case, together with all accrued and unpaid interest up to but excluding the Redemption Date.

2.6 DENOMINATIONS

The Series A Debentures shall be issued in denominations of \$1,000 or integral multiples thereof.

2.7 FORM OF SERIES A DEBENTURES

The Series A Debentures and the certificate of the Trustee endorsed thereon shall be issuable initially as one Global Debenture held by or on behalf of, CDS, as depository, for its participants and registered in the name of CDS or its nominee.

The Global Debenture will be substantially in the form set out in Schedule 1 hereto with such appropriate additions, deletions, substitutions and variations as the Trustee and the Corporation may approve and shall bear such distinguishing letters and numbers as the Trustee may approve, with such approval in each case to be conclusively deemed to have been given by the Trustee and the officers of the Corporation executing such Series A Debentures.

ARTICLE 3 MISCELLANEOUS

3.1 ACCEPTANCE OF TRUST

The Trustee accepts the trusts in this First Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this First Supplemental Indenture and in accordance with the Trust Indenture.

3.2 CONFIRMATION OF TRUST INDENTURE

The Trust Indenture as amended and supplemented by this First Supplemental Indenture is in all respects confirmed.

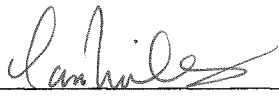
3.3 COUNTERPARTS


This First Supplemental Indenture may be executed in several counterparts each of which so executed shall be deemed to be original and such counterparts together shall constitute one and the same instrument.

SIGNATURE PAGE IMMEDIATELY FOLLOWS

IN WITNESS WHEREOF the parties hereto have executed this First Supplemental Indenture under the hands of their proper officers in that behalf.

**CAMBRIDGE AND NORTH DUMFRIES HYDRO
INC.**

Per: 
Name: Ian Miles
Title: President and Chief Executive Officer

Per: 
Name: Sarah Hughes
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF
CANADA as Trustee**

Per: 
Name: Daniel Marz
Title: Corporate Trust Officer

Per: 
Name: Raji Sivalingam
Title: Associate Trust Officer

SCHEDULE 1

FORM OF GLOBAL DEBENTURE CERTIFICATE

THIS DEBENTURE IS GLOBAL DEBENTURE WITHIN THE MEANING OF THE TRUST INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO CAMBRIDGE AND NORTH DUMFRIES HYDRO INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR (4) MONTHS AND A DAY AFTER THE LATER OF (I) JANUARY 28, 2015 AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

No.: 00000

**CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.
(incorporated under the laws of Ontario)**

3.929% SERIES A DEBENTURE DUE JANUARY 27, 2045

**CUSIP: 13214QAA5
ISIN: CA13214QAA54**

\$50,000,000

DEBENTURE

**Issue Date: January 28, 2015
Maturity Date: January 27, 2045
Interest Rate Per Annum: 3.929%**

Interest Payment Dates: January 27 and July 27 in each year
Initial Interest Payment Date: July 27, 2015
Principal Amount: \$50,000,000

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC. (the “**Corporation**”) for value received hereby promises to pay to the registered holder hereof on the Maturity Date, or on such earlier date as the Principal Amount may become due in accordance with the provisions of the Trust Indenture (as defined below), the Principal Amount in lawful money of Canada on January 27, 2045 (the “**Series A Debenture**”) at the principal corporate trust office of the Trustee and to pay interest on the Principal Amount at the Interest Rate Per Annum from the later of the Issue Date and the last Interest Payment Date on which interest has been paid or made available for payment on this Series A Debenture, in like money semi-annually on the Interest Payment Dates in each year, the first such payment to be payable on the Initial Interest Payment Date, and if the Corporation at any time defaults in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money, semi-annually on the same dates. All payments of interest on the Series A Debenture shall be made by electronic funds transfer on the applicable Interest Payment Date to the Depositary or its nominee for subsequent payment to holders of interests in that Series A Debenture, unless the Corporation and the Depositary otherwise agree. None of the Corporation, the Trustee or any agent of the Trustee for any Debenture issued as a Global Debenture will be liable or responsible to any person for any aspect of the records related to or payments made on account of beneficial interests in any Series A Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

This Series A Debenture is one of an authorized issue of debentures designated “3.929% Senior Unsecured Debentures, Series A due January 27, 2045” forming the first series of debentures issued under a first supplemental indenture dated as of January 28, 2015 (the “**First Supplemental Indenture**”) to a trust indenture (the “**Original Indenture**”) dated as of January 28, 2015, made between the Corporation and Computershare Trust Company of Canada (the “**Trustee**”), as Trustee (the First Supplemental Indenture and the Original Indenture collectively referred to herein as the “**Trust Indenture**”). The Trust Indenture specifies the terms and conditions upon which the Series A Debentures are issued or may be issued and held and the rights of the holders of the Series A Debentures, the Corporation and the Trustee, all of which are incorporated by reference in this Series A Debenture and to all of which the holder of this Series A Debenture, by acceptance hereof, agrees. To the extent that any provision hereof is inconsistent with the provisions of the Trust Indenture, the provisions of the Trust Indenture shall prevail.

The aggregate principal amount of debentures that may be issued pursuant to the Trust Indenture is unlimited. The Series A Debentures comprise and are limited to \$50,000,000 aggregate principal amount in lawful money of Canada, and are issuable as fully registered debentures in denominations of \$1,000 and integral multiples thereof.

The Series A Debentures are direct unsecured obligations of the Corporation and will rank equally and rateably with all other debentures from time to time issued and outstanding pursuant

to the Trust Indenture and with all other senior unsecured and unsubordinated indebtedness of the Corporation, except to the extent prescribed by law.

The Series A Debentures are redeemable at any time on not more than 60 days and not less than 30 days' notice, in whole or in part at the option of the Corporation when it is not in default under the Trust Indenture, at a price that is the greater of par and the Canada Yield Price (as defined in the First Supplemental Indenture), unless the Series A Debentures are redeemed within six months of the Maturity Date (i.e. on or after July 27, 2044) in which case the Series A Debentures will be redeemable at par value, and, in each case, together with accrued and unpaid interest to the date fixed for redemption.

At any time when the Corporation is not in default under the Trust Indenture, the Corporation may purchase Series A Debentures in the market or by tender or by private contract at any price from time to time.

The Principal Amount may become or be declared due before the Maturity Date on the conditions, in the manner, with the effect and at the times set forth in the Trust Indenture.

The Trust Indenture contains provisions for the holding of meetings of holders of debentures ("**Debentures**") issued by the Corporation pursuant to the Trust Indenture (or in certain circumstances the holders of a specific series of Debentures) and making resolutions passed at such meetings and instruments in writing signed by the holders of a specified majority of Debentures (or in certain circumstances, specific series of Debentures) binding on all holders of Debentures (or specific series of Debentures, as the case may be), subject to the provisions of the Trust Indenture.

This Series A Debenture may be transferred only upon compliance with the conditions prescribed in the Trust Indenture on the register kept at the principal corporate trust office of the Trustee in Toronto and at such other place or places, if any, and by such other registrar and registrars, if any, as the Corporation may designate, by the registered holder hereof or the holder's legal representative or attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe, and such transfer shall be duly noted hereon by the Trustee or other registrar.

The Trust Indenture is and this Series A Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Series A Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee in accordance with the Trust Indenture.

SIGNATURE PAGE IMMEDIATELY FOLLOWS

IN WITNESS WHEREOF CAMBRIDGE AND NORTH DUMFRIES HYDRO INC. has caused this Debenture to be signed by its Chief Financial Officer and its Board Chair.

By: _____
Chief Executive Officer

By: _____
Chief Financial Officer

TRUSTEE'S CERTIFICATE

This Debenture is one of the Series A Debentures referred to in the Trust Indenture referred to above.

By: _____
Authorized Signatory

Date: _____

(NO WRITING HEREON EXCEPT BY THE TRUSTEE OR OTHER REGISTRAR)

DATE OF REGISTRY	IN WHOSE NAME REGISTERED	SIGNATURE OF TRUSTEE OR OTHER REGISTRAR

FORM OF TRANSFER

COMPUTERSHARE TRUST COMPANY OF CANADA
 100 University Avenue, 8th Floor
 Toronto, Ontario, M5J 2Y1 Canada

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

_____ (print name and address) the Debentures represented by this Debenture Certificate and hereby irrevocable constitutes and appoints _____ as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Trustee.

DATED this __ day of _____, 20 __

SPACE FOR GUARANTEES OF SIGNATURES (BELOW)

)	
)	
)	
)	_____
)	Signature of Transferor
)	
)	
)	
)	
)	_____
)	Signature of Transferor
)	
)	
Guarantor's Signature/Stamp	

CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from the Guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guarantee" Stamp) obtained from an authorized officer of a major Canadian Schedule 1 chartered bank.
- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of a major Canadian Schedule 1 chartered bank whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer.

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.
Issuer

- AND -

COMPUTERSHARE TRUST COMPANY OF CANADA
Trustee

TRUST INDENTURE
dated as of January 28, 2015

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TRUST INDENTURE

This Trust Indenture is made as of January 28, 2015

BETWEEN:

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC., a corporation incorporated under the laws of Ontario (the “**Corporation**”)

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the laws of Canada, as Trustee (the “**Trustee**”)

WHEREAS the Corporation wishes to create and issue Debentures in the manner provided in this Indenture;

AND WHEREAS the Corporation, under the laws relating thereto, is duly authorized to create and issue the Debentures to be issued as herein provided;

AND WHEREAS all necessary resolutions of the directors of the Corporation have been duly passed and other proceedings taken and conditions complied with to make the creation and issue of the Debentures proposed to be issued hereunder and this Indenture and the execution thereof legal, valid and binding on the Corporation in accordance with the laws relating to the Corporation;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee;

NOW THEREFORE THIS TRUST INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the following expressions have the respective meanings indicated:

“**Affiliate**” means, with respect to any Person, any other Person which, directly or indirectly through one or more Persons, Controls, is Controlled by, or is under common Control with, such Person.

“**Authorized Investment**” means a short term, interest-bearing or discount debt obligation issued or guaranteed by the government of Canada or of a province of Canada or by a Canadian

chartered bank (which may include an Affiliate of the Trustee), provided that such obligation is assigned a rating not lower than R-1 (mid) by DBRS Limited or an equivalent rating by Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial Inc.

"Book Entry Only Debentures" means Debentures of a Series which, in accordance with the terms applicable to such Series, are to be held only by or on behalf of the Depository.

"Business Day" means any day, other than a Saturday, a Sunday or a statutory holiday, on which banking institutions are open for commercial banking business during normal banking hours in Toronto, Ontario.

"CDS" means CDS Clearing and Depository Services Inc. and its successors.

"Capital Lease Obligation" means any monetary obligation of the Corporation or a Subsidiary under any leasing or similar arrangement which, in accordance with GAAP, would be classified as a capital lease and for the purposes hereof, the amount of Capital Lease Obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Central Register" has the meaning ascribed to such term in Section 3.1.

"Certified Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Corporation to have been duly passed by the Directors and to be in full force and effect on the date of such certification.

"Consolidated Funded Obligations" means the aggregate amount of all Funded Obligations of the Corporation and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Worth" means the shareholders' equity of the Corporation and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Obligation of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's Obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the Obligation guaranteed thereby.

"Control", **"Controlled"** and similar expressions mean a relationship between two Persons wherein one of such Persons has the power, through the ownership of Securities, by contract or otherwise, to direct the management and policies of the other of such Persons, and includes, in the case of a corporation, the ownership, either directly or indirectly through one or more Persons, of Securities of such corporation carrying more than 50% of the votes that may be cast to elect the directors of such corporation either under all circumstances or under some circumstances that have occurred and are continuing (other than Securities held as collateral for a

bona fide debt where the holder thereof is not entitled to exercise the voting rights attached thereto), provided that such votes, if exercised, are sufficient to elect a majority of the directors of such corporation.

“Corporate Trust Office” means the principal trust office of the Trustee at which, at any particular time, its corporate trust business relative to this Indenture is administered. At the date hereof, the Corporate Trust Office for the Trustee is located at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y2.

“Corporation” means Cambridge and North Dumfries Hydro Inc. and its successors and assigns.

“Corporation’s Auditors” means, at any time, a firm of chartered accountants duly appointed as auditors of the Corporation.

“Corporation Counsel” means legal counsel retained by the Corporation.

“Debentureholder” or **“Holder”** means, at a particular time, a Person entered in a Register maintained by the Trustee as a holder of one or more Debentures outstanding at such time.

“Debentureholders’ Request” means, in respect of a particular Series, an instrument signed in one or more counterparts by Debentureholders holding not less than 25% of the aggregate principal amount of the outstanding Debentures of such Series or, in respect of all Debentures, an instrument signed in one or more counterparts by Debentureholders holding not less than 25% of the aggregate principal amount of all outstanding Debentures, in each case requesting or directing the Trustee to take or refrain from taking the action or proceeding specified therein.

“Debentures” means senior unsecured debentures of the Corporation issued or to be issued pursuant to this Indenture and represented in the form of fully registered Global Debentures, held by or on behalf of, the Depository.

“Debt Accounts” has the meaning ascribed to such term in Section 9.2.

“Depository” means CDS or such other nationally recognized clearing agency as is designated in writing by the Corporation to act as depository in respect of a Series of Book Entry Only Debentures.

“Directors” means the directors of the Corporation or, whenever duly empowered by a resolution of the directors of the Corporation in accordance with applicable law, a committee of the directors of the Corporation and reference to action by the Directors means action by the directors of the Corporation or action by any such committee.

“Event of Default” has the meaning ascribed to such term in Section 8.1.

“Extraordinary Resolution” has the meaning ascribed to such term in Section 11.14.

“Financial Instrument Obligations” means, with respect to any Person at any time, the obligations of such Person under any transaction that is a rate swap, basis swap, forward rate

transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing to the extent of the net amount due to or accruing due by the Person thereunder (determined by marking the same to market at such time in accordance with its terms).

“Funded Obligations” means, with respect to any Person, all Indebtedness created, assumed or guaranteed which matures by its terms on, or is renewable at the option of such Person to, a date more than 18 months after the date of the original creation, assumption or guarantee thereof; provided that, with respect to the Corporation, the principal amount of the Subject Debentures will not be included as Funded Obligations.

“Generally accepted accounting principles” or **“GAAP”** means generally accepted accounting principles in Canada, as amended from time to time, as applicable to the Company and for greater certainty includes International Financial Reporting Standards as and to the extent applicable to the Company.

“Global Debenture” means a Debenture representing the aggregate principal amount of a Series.

“Indebtedness” means, without duplication, with respect to any Person:

- (a) all Obligations of such Person for borrowed money, including Obligations with respect to bankers’ acceptances and contingent reimbursement obligations, including those related to drawn letters of credit and other financial instruments,
- (b) all Obligations issued or assumed by such Person in connection with its acquisition of property in respect of the deferred purchase price of that property,
- (c) all Capital Lease Obligations and Purchase Money Obligations of such Person, and
- (d) all Contingent Liabilities of such Person in respect of any of the foregoing.

“Interest Payment Date” means, for each Series of interest-bearing Debentures, a date on which interest is due and payable in accordance with the terms pertaining to such Series.

“Maturity Date” means, with respect to any Debenture, the date on which the principal of such Debenture becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise.

“Material Subsidiary” means, as at any date, a Subsidiary (a) the total assets of which represent more than 10% of the total assets of the Corporation determined on a consolidated basis as shown in the most recently prepared quarterly or annual consolidated financial statements of the Corporation, or (b) the total revenues of which represent more than 10% of the total revenues of

the Corporation determined on a consolidated basis as shown in the most recently prepared quarterly or annual consolidated financial statements of the Corporation.

“**Obligations**” means, without duplication, with respect to any Person, all items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of such Person as of the date at which Obligations are to be determined and all Contingent Liabilities of such Person in respect of any of the foregoing.

“**Officers’ Certificate**” means a certificate of the Corporation signed by two officers of the Corporation, of which at least one is either the chief executive officer or the chief financial officer of the Corporation, in their capacities as officers of the Corporation and not in their personal capacities.

“**order**”, “**written order**”, “**written direction**” of the Corporation means, respectively, the written order, direction, request or consent signed in the name of the Corporation by any two officers of the Corporation of which at least one is either the chief financial officer or the Chair of the Board of Directors of the Corporation.

“**Ordinary Resolution**” has the meaning ascribed to such term in Section 11.13.

“**Parties**” means collectively, the Corporation and the Trustee, and “**Party**” means either one of them.

“**Paying Agent**” means a Person authorized by the Corporation to pay the principal, Premium, if any, or interest payable in respect of any Debentures on behalf of the Corporation, and may include the Corporation and the Trustee.

“**Permitted Encumbrances**” means any or all of the following:

- (a) any Security Interest that secures the Obligations of a Subsidiary that existed prior to the date on which it became a Subsidiary and that (i) was not incurred in contemplation of such Person becoming a Subsidiary and (ii) is not applicable to the Corporation or any other Subsidiary or the properties or assets of the Corporation or any other Subsidiary;
- (b) any Purchase Money Mortgage or Capital Lease Obligation of the Corporation or a Subsidiary;
- (c) any Security Interest on a property or asset acquired by the Corporation or a Subsidiary that secures the Obligations of a Person (whether or not such Obligations were assumed by the acquiring Person) which Security Interest existed at the time such property or asset was acquired and that (i) was not incurred in contemplation of such property or asset being acquired and (ii) is not applicable to the Corporation or any other Subsidiary or the properties or assets of the Corporation or any other Subsidiary;
- (d) any Security Interest given in the ordinary course of business by the Corporation or a Subsidiary to any bank or banks or other lenders to secure any Indebtedness

payable on demand or maturing within 18 months of the date such Indebtedness is incurred or of the date of any renewal or extension thereof;

- (e) any Security Interest given to secure existing indebtedness in favour of each of Royal Bank of Canada and The Toronto-Dominion Bank and any extensions, renewals, additions and amendments thereto, in any event to a maximum aggregate principal amount of \$10,500,000;
- (f) any Security Interest given to a lender to secure letters of credit issued to the Independent Electricity System Operator (IESO) in order to comply with the IESO's prudential requirements;
- (g) any Security Interest granted by a Subsidiary in favour of the Corporation or a Wholly-Owned Subsidiary;
- (h) any Security Interest on or against cash or marketable debt securities pledged to secure any non-speculative Financial Instrument Obligation incurred in the ordinary course of business for risk management purposes that hedges Indebtedness of the Corporation or a Subsidiary;
- (i) any Security Interest for taxes, payments in lieu of taxes, assessments, government charges or claims that are being contested in good faith and in respect of which appropriate provision is made in the consolidated financial statements of the Corporation in accordance with GAAP;
- (j) any Security Interests securing appeal bonds or other similar Security Interests arising in connection with contracts, bids, tenders or court proceedings (including, without limitation, surety bonds, security for costs of litigation where required by law and letters of credit) or any other instruments serving a similar purpose;
- (k) a Security Interest in cash or marketable debt securities in a sinking fund account established by the Corporation in support of one or more Series;
- (l) a lien or deposit under workers' compensation, social security or similar legislation or good faith deposits in connection with bids, tenders, leases, contracts or expropriation proceedings, or deposits to secure public or statutory obligations or deposits of cash or obligations to secure surety and appeal bonds;
- (m) a lien or privilege imposed by law, such as builders', carriers', warehousemen's, landlords', mechanics' and material men's liens and privileges, and any lien or privilege arising out of judgments or awards with respect to which the Corporation or a Subsidiary at the time is prosecuting an appeal or proceedings for review and with respect to which it has secured a stay of execution pending such appeal or proceedings for review; or liens for taxes, payments in lieu of taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested at the time by the Corporation or a Subsidiary in good faith; or undetermined or inchoate liens, privileges and charges incidental to current operations which have not at such

time been filed pursuant to law against the Corporation or a Subsidiary or which relate to obligations not due or delinquent; or the deposit of cash or Securities in connection with any lien or privilege referred to in this clause (l);

- (n) any minor encumbrance, including, easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines and oil and natural gas pipe lines and other similar purposes, or zoning or other restrictions as to the use of real properties, which encumbrances, easements, servitudes, rights-of-way or other similar rights and restrictions do not in the aggregate materially detract from the value of such properties or materially impair their use in the operation of the business of the Corporation or a Subsidiary;
- (o) any right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired by the Corporation or a Subsidiary, or by any statutory provision, to terminate any such lease, license, franchise, grant or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition to the continuance thereof;
- (p) a lien or right of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (q) any Security Interest granted by the Corporation or a Subsidiary to a public utility or any municipality or governmental or other public authority when required by such utility, municipality or other authority in connection with the operations of the Corporation or such Subsidiary;
- (r) any reservation, limitation, proviso or condition, if any, expressed in any original grants to the Corporation or a Subsidiary from the Crown; and
- (s) any extension, renewal, alteration, substitution or replacement, in whole or in part, of any Security Interest referred to in the foregoing clauses (a) through (q), provided the extension, renewal, alteration, substitution or replacement of such Security Interest is limited to all or any part of the same property that secured the Security Interest extended, renewed, altered, substituted or replaced the principal amount of the Obligations secured thereby is not thereby increased, the terms of the Indebtedness secured thereby is not shortened and the terms and conditions thereof are no more restrictive in any material respect than the Security Interest so extended.

“Person” means any individual, corporation, body corporate, limited partnership, general partnership, joint stock company, association, joint venture, association, company, trust, bank, fund, governmental authority, municipal corporation or other entity or organization, whether or not recognized as a legal entity.

“Premium” means, with respect to any Debenture at a particular time, the excess, if any, of the then applicable Redemption Price of such Debenture over the principal amount of such Debenture.

“Prime Rate” means the rate of interest expressed as a rate per annum which the Corporation’s principal Canadian bank designates as its prime rate and which establishes from time to time the reference rate of interest such bank will use to determine the rate of interest, expressed as its prime rate of interest, that it will charge for demand loans in Canadian dollars made in Canada, as such rate may be adjusted from time to time.

“Privacy Laws” has the meaning ascribed to such term in Section 13.25.

“Purchase Money Mortgage” means any Security Interest created, issued or assumed by the Corporation or a Subsidiary to secure a Purchase Money Obligation; provided that such Security Interest is limited to the property (including the rights associated therewith) acquired, constructed, installed or improved using the funds advanced to the Corporation or such Subsidiary in connection with such Purchase Money Obligation.

“Purchase Money Obligation” means Indebtedness of the Corporation or a Subsidiary incurred or assumed to finance the purchase price, in whole or in part, of any property (except any Indebtedness which constitutes a Funded Obligation and which was incurred or assumed to finance the purchase price, in whole or in part, of any shares, bonds or other Securities) or incurred to finance the cost, in whole or in part, of construction or installation of or improvements to any real property or fixtures provided that such Indebtedness is incurred or assumed within 24 months after the purchase of such real property or fixtures or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or refunding of any such Indebtedness, so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased.

“Record Date” means the date for determining the Holders of Debentures of a Series entitled to receive payment of interest on an Interest Payment Date for such Series, which date shall be the tenth Business Day prior to such Interest Payment Date or such other date as shall be specified in a Certified Resolution delivered to the Trustee.

“Redemption Date” has the meaning ascribed to such term in Section 5.3.

“Redemption Price” means, in respect of a Debenture, the amount, excluding interest, payable on the Redemption Date fixed for such Debenture.

“Redemption Price Calculation Date” has the meaning ascribed to such term in Section 5.3.

“Refunding Debentures” has the meaning ascribed to such term in Section 2.16.

“Registers” has the meaning ascribed to such term in Section 3.1.

“Registrar” means a Trustee or a Person other than a Trustee designated by the Corporation to keep a Register.

“**SEC**” has the meaning ascribed to such term in Section 6.2.

“**Securities**” means any stock, shares, units, partnership interests, equity interests, instalment receipts, voting trust certificates, bonds, debentures, notes, other evidences of indebtedness, or other documents or instruments commonly known as securities or any certificates of interest, shares or participations in temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe for, purchase or acquire any of the foregoing.

“**Security Interest**” means any assignment, mortgage, charge (whether fixed or floating), hypothec, pledge, lien, or other encumbrance on or interest in property or assets that secures payment of any Indebtedness or Obligation.

“**Series**” means a series of Debentures which, unless otherwise specified in a Supplemental Indenture, consists of those Debentures which have identical terms and were or are to be issued at the same time, regardless of whether such Debentures are designated as a series.

“**Stated Maturity**” means the date specified in a Debenture as the date on which the principal of such Debenture or final principal payment with respect to such Debenture is due and payable.

“**Subject Debentures**” has the meaning ascribed to such term in Section 2.16.

“**Subordinated Indebtedness**” means all Indebtedness of the Corporation which, upon any distribution of assets of the Corporation in any dissolution, winding-up, liquidation or reorganization of the Corporation (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors, or any other marshalling of assets and liabilities of the Corporation or otherwise), ranks subsequent in all respects to, and is postponed in all respects for a period of not less than six months after default to, the payment of all Indebtedness of the Corporation in connection with all Debentures issued pursuant to this Indenture including principal, interest, fees and expenses, all of which must be satisfied in full prior to any amount being applied to such Indebtedness.

“**Subsidiary**” means as at any date (a) any corporation of which there is owned, directly or indirectly, by or for the Corporation and/or by or for any corporation in like relation to the Corporation, voting shares which, in the aggregate, entitle the holders thereof to cast more than 50% of the votes which may be cast by the holders of the outstanding voting shares of such first mentioned corporation for the election of its directors and includes any corporation in like relation to a Subsidiary or (b) any other Person of which at least a majority of voting ownership interest is at the time, directly or indirectly, owned by or for the Corporation and/or by or for any corporation in like relation to the Corporation.

“**Successor**” has the meaning ascribed to such term in Section 10.1.

“**Supplemental Indenture**” means an indenture supplemental to this Indenture pursuant to which, among other things, Debentures may be authorized for issue or the provisions of this Indenture may be amended.

“**Total Consolidated Capitalization**” means, without duplication, the sum of:

- (a) the principal amount of all Consolidated Funded Obligations;
- (b) the principal amount of all Subordinated Indebtedness; and
- (c) the Consolidated Net Worth,

in each case, determined by the Corporation and its Subsidiaries.

“**Trustee**” means Computershare Trust Company of Canada or its successor or successors, for the time being as the Trustee hereunder.

“**Trustee Counsel**” means legal counsel retained by the Trustee, which may or may not be Corporation Counsel.

“**Trust Indenture Legislation**” means Part V of the *Business Corporations Act* (Ontario) and the provisions, if any, of any statute, and the respective regulations thereunder, relating to trust indentures and/or to the rights, duties and obligations of trustees under trust indentures and of corporations issuing debt obligations under trust indentures, to the extent that such provisions are at the time in force and applicable to this Indenture and/or the issuance of Debentures hereunder.

“**U.S. Exchange Act**” has the meaning ascribed to such term in Section 6.2.

“**Wholly-Owned Subsidiary**” means a Subsidiary all of the outstanding shares in the capital of which are owned, directly or indirectly, by or for the Corporation and/or by or for one or more other Wholly-Owned Subsidiaries.

1.2 Meaning of “outstanding” for Certain Purposes

Every Debenture certified and delivered by the Trustee hereunder shall be deemed to be outstanding until it is cancelled and delivered to the Trustee for cancellation or money for the payment thereof has been set aside pursuant to Article 9, provided that:

- (a) if a new Debenture has been issued in substitution for a Debenture that has been mutilated, lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding;
- (b) Debentures that have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof; and
- (c) for the purpose of any provision of this Indenture entitling Holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture or to constitute a quorum at any meeting of Debentureholders, Debentures owned directly or indirectly, legally or beneficially, by the Corporation or any Affiliate of the Corporation shall be disregarded, provided that:

- (i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action or on the Debentureholders present or represented at any meeting of Debentureholders constituting a quorum, only the Debentures in respect of which the Trustee has received actual notice that they are so owned shall be so disregarded, and
- (ii) Debentures so owned that have been pledged in good faith other than to the Corporation, a Subsidiary or an Affiliate of the Corporation shall not be disregarded if the pledgee shall establish (by providing an opinion of counsel) to the satisfaction of the Trustee the pledgee's right to vote, sign consents, requisitions or other instruments or take such other actions free from the control of the Corporation, any Subsidiary or any Affiliate of the Corporation.

The Corporation shall, upon the Trustee's written request, file with the Trustee an Officers' Certificate setting forth as at the date of such certificate the total principal amount of Debentures owned directly or indirectly, legally or beneficially, by the Corporation or any Affiliate.

1.3 Interpretation Not Affected by Headings

The division of this Indenture into Articles, Sections and clauses, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 Extended Meanings

In this Indenture, unless otherwise expressly provided herein or unless the context otherwise requires, words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; references to "**Indenture**", "**this Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this trust indenture, and not to any particular Article, Section, clause or other portion hereof, and include all Schedules and amendments hereto, modifications or restatements hereof, and any and every Supplemental Indenture; and the expressions "**Article**", "**Section**", "**clause**" and "**Schedule**" followed by a number, letter, or combination of numbers and letters refer to the specified Article, Section or clause of or Schedule to this Indenture.

1.5 Day Not a Business Day

If any day on which an amount is to be determined or an action is to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day at such location.

1.6 Currency

Except as otherwise provided herein, all references in this Indenture to "**Canadian dollars**", "**dollars**" and "**\$**" are to lawful money of Canada.

1.7 Other Currencies

For the purpose of making any computation under this Indenture, any currency other than Canadian dollars shall be converted into Canadian dollars at the Bank of Canada noon rate of exchange on the date on which such computation is to be made.

1.8 Statutes

Each reference in this Indenture to a statute is deemed to be a reference to such statute as amended, re-enacted or replaced from time to time.

1.9 Applicable Law

This Indenture and the Debentures shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario without giving effect to the principles of the conflicts of law thereof and shall be treated in all respects as Ontario contracts.

1.10 Language

The parties hereto have expressly requested that this Indenture and all documents relating thereto be drafted in English. Les parties ont expressément demandé que cette convention de fiducie et tous les documents qui s'y rattachent soient rédigés en anglais.

1.11 Successors and Assigns

All covenants and agreements of the Corporation in this Indenture and the Debentures shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

1.12 Invalidity

Each of the provisions contained in this Indenture is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Indenture.

1.13 Extended Meaning

Words importing the singular only shall include the plural and vice versa and words importing the masculine gender shall include the feminine neuter genders and vice versa. The word “including” when used herein means “including, without limitation” and the word “includes” when used herein means “includes, without limitation”.

1.14 Jurisdiction

The Corporation agrees, and the Trustee agrees for itself and each Debentureholder, that any legal action or proceedings with respect to this Indenture shall be brought by the Trustee or

such Debentureholder (to the extent permitted hereunder) in the courts of the Province of Ontario, and such courts shall have non-exclusive jurisdiction to deal with all matters relating to the interpretation of, or enforcement of rights under, this Indenture.

ARTICLE 2 THE DEBENTURES

2.1 No Fixed Limitation

The aggregate principal amount of Debentures which may be issued under this Indenture is unlimited, but Debentures may be issued hereunder only upon the terms and subject to the conditions herein provided.

2.2 Issuance in Series

Debentures may be issued in one or more Series. The Debentures of each Series shall be designated in such manner, shall bear such date or dates and mature on such date or dates, shall bear interest, if any, at such rate or rates accruing from and payable on such date or dates, may be issued at such times and in such denominations, may be redeemable before maturity in such manner and subject to payment of such Premium, may be payable as to principal, interest and Premium at such place or places and in such currency or currencies, may be payable as to principal, interest and Premium in Securities of the Corporation or any other Person, may provide for such mandatory redemption, sinking fund or other analogous repayment obligations, may contain such provisions for the exchange or transfer of Debentures of different denominations and forms, may have attached thereto or issued therewith Securities entitling the Holders to subscribe for, purchase or acquire Securities of the Corporation or any other Person upon such terms, may give the Holders thereof the right to convert or exchange Debentures into Securities of the Corporation or any other Person upon such terms, may be defeasible at the option of the Corporation, and may contain such other provisions, not inconsistent with the provisions of this Indenture, as may be determined by the Directors by a resolution passed at or prior to the time of issue of the Debentures of such Series and set forth in a Supplemental Indenture pertaining to the Debentures of such Series. At the option of the Corporation, the maximum principal amount of Debentures of any Series may be limited, such limitation to be expressed in the Supplemental Indenture providing for the issuance of the Debentures of such Series, and any such limitation may be increased at any time by the Corporation by means of a resolution of the Directors.

2.3 Form of Debentures

The Debentures of each series shall be substantially in such form or forms (not inconsistent with this Indenture) as shall be established herein or by or pursuant to one or more resolutions of the Directors and as approved by the Trustee with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any applicable law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage, all as

may be determined by the Trustee or the Directors executing such Debentures, as conclusively evidenced by their execution of such Debentures.

Unless otherwise specified in the Supplemental Indenture authorizing a Series of Debentures, every Global Debenture of such Series authenticated and delivered by the Trustee shall bear a legend in substantially the following form:

THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE TRUST INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO CAMBRIDGE AND NORTH DUMFRIES HYDRO INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

2.4 Debentures to Rank Equally

The Debentures shall be direct senior unsecured obligations of the Corporation. The Debentures of each Series shall rank equally and *pari passu* with each other and with the Debentures of every other Series (regardless of their actual dates or terms of issue) and, subject to statutory preferred exceptions, with all other present and future senior and unsecured Indebtedness of the Corporation, except as to sinking fund provisions applicable to different Series of Debentures and other similar types of obligations of the Corporation.

2.5 Book Entry Only Debentures

Except as otherwise provided in a Supplemental Indenture applicable to a Series of Debentures, each Series of Debentures shall be issued as Book Entry Only Debentures represented by a Global Debenture. Each Global Debenture authenticated in accordance with any Supplemental Indenture shall be registered in the name of the Depository designated for such Global Debenture or a nominee thereof and delivered to such Depository or a nominee thereof or custodian therefor, and each such Global Debenture shall constitute a single Debenture for all purposes of this Indenture and all Supplemental Indentures. None of the Corporation, the Trustee or any other Paying Agent shall have any responsibility or liability for any aspects of the records relating to or payments made by any Depository on account of the beneficial interest in any Global Debenture. Except as provided in this Section 2.5, owners of beneficial interests in

any Global Debenture shall not be entitled to have Debentures registered in their names, shall not receive or be entitled to receive Debentures in definitive form and shall not be considered owners or holders thereof under this Indenture or any Supplemental Indenture. Nothing herein or in a Supplemental Indenture shall prevent the owners of beneficial interests in Global Debentures from voting such Debentures using duly executed proxies.

Notwithstanding any other provision in this Indenture or any provision in any Supplemental Indenture, no Global Debenture may be exchanged in whole or in part for Debentures registered, and no transfer of a Global Debenture in whole or in part may be registered in the name of any Person other than the Depository for such Global Debenture or a nominee thereof unless:

- (a) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with such Debentures and the Corporation is unable to locate a qualified successor;
- (b) the Depository ceases to be recognized as a clearing agency registered under applicable Canadian securities legislation, or otherwise ceases to be eligible to be a depository, and a successor depository is not appointed by the Corporation within 90 days thereof;
- (c) the Corporation determines, in its sole discretion, that such Debentures shall no longer be held as Book Entry Only Debentures; or
- (d) such right is required by applicable law, as determined by the Corporation and the Corporation Counsel;

following which Debentures in fully registered form shall be issued to the beneficial owners of such Debentures or their nominees in denominations of \$1,000 or integral multiples thereof.

Subject to the provisions of this Section 2.5, any exchange of a Global Debenture for Debentures which are not Global Debentures may be made in whole or in part in accordance with the provisions of Section 2.9, *mutatis mutandis*. All such Debentures issued in exchange for a Global Debenture or any portion thereof shall be registered in such names as the Depository for such Global Debenture shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to Global Debentures) as the Global Debenture or portion thereof surrendered upon such exchange.

Every Debenture authenticated and delivered upon registration of transfer of a Global Debenture, or in exchange for or in lieu of a Global Debenture or any portion thereof, whether pursuant to this Section 2.5 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Debenture, unless such Debenture is registered in the name of a Person other than the Depository for such Global Debenture or a nominee thereof.

2.6 Signatures on Debentures

All Debentures shall be under the seal of the Corporation and shall be signed (either manually or by facsimile signature) by any two officers of the Corporation of which at least one

is either the chief financial officer or the chief executive officer of the Corporation. A facsimile signature on any Debenture shall for all purposes of this Indenture be deemed to be the signature of the individual whose signature it purports to be and to have been signed at the time such facsimile signature was reproduced, and each Debenture so signed shall be valid and binding upon the Corporation notwithstanding that any individual whose signature (either manual or facsimile) appears on a Debenture is not at the date of this Indenture or at the date of the Debenture or at the date of the certification and delivery thereof an officer of the Corporation.

2.7 Certification

No Debenture shall be issued or, if issued, shall be obligatory or entitle the Holder thereof to the benefit thereof until it has been certified by or on behalf of the Trustee substantially in the form set out in a Supplemental Indenture or in some other form acceptable to the Trustee. Such certificate on any Debenture shall be conclusive evidence against the Corporation that such Debenture has been duly issued hereunder and is a valid obligation of the Corporation.

The certificate of the Trustee signed on a Debenture shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of such Debenture or its issuance, and the Trustee shall not be liable for the use made of such Debenture or the proceeds of issuance thereof. The certificate of the Trustee signed on any Debenture shall, however, be a representation and warranty by the Trustee that such Debenture has been duly certified by or on behalf of the Trustee pursuant to the provisions of this Indenture.

2.8 Concerning Interest

Except as otherwise provided in a Supplemental Indenture applicable to a Series of Debentures:

- (a) each Debenture of a Series, whether issued originally or in exchange or in substitution for previously issued Debentures, shall bear interest from and including the later of
 - (i) its date of issue; and
 - (ii) the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures of such Series;
- (b) interest shall be payable semi-annually in arrears in equal instalments;
- (c) interest payable for any period of less than six months shall be computed on the basis of a year of 365 days (or 366 days, as the case may be) and shall accrue from day to day;
- (d) whenever interest is computed on the basis of a year (the “**deemed year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number

of days in the calendar year of calculation and dividing such product by the number of days in the deemed year; and

- (e) interest shall accrue up to and including the day prior to each Interest Payment Date.

Subject to accrual of any interest on unpaid interest from time to time, interest on each Debenture shall cease to accrue from the earlier of the Maturity Date of such Debenture and, if such Debenture is called for redemption, the Redemption Date fixed for such Debenture, unless, in each case, upon due presentation and surrender of such Debenture for payment on or after such Maturity Date or Redemption Date, as the case may be, such payment is improperly withheld or refused.

Wherever in this Indenture or a Debenture there is mention, in any context, of the payment of interest, such mention is deemed to include the payment of interest on amounts in default to the extent that, in such context, such interest is, was or would be payable pursuant to this Indenture or such Debenture, and express mention of interest on amounts in default in any of the provisions of this Indenture shall not be construed as excluding such interest in those provisions of this Indenture in which such express mention is not made.

If the date for payment of any amount of principal or interest in respect of a Debenture is not a Business Day, then payment shall be made on the next Business Day and the Holder of such Debenture shall not be entitled to any further interest or other payment in respect of the delay.

All payments of interest on the Global Debenture shall be made by electronic funds transfer on the applicable Interest Payment Date to the Depositary or its nominee for subsequent payment to holders of interests in that Global Debenture, unless the Corporation and the Depositary otherwise agree. None of the Corporation, the Trustee or any agent of the Trustee for any Debenture issued as a Global Debenture will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Global Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

2.9 Interim Debentures

Subject to the provisions of any Supplemental Indenture authorizing any Series of Debentures, definitive Debentures, other than Global Debentures, of such Series shall be lithographed or printed with steel engraved borders. Pending the preparation and delivery to the Trustee of definitive Debentures of any Series, the Corporation may execute in lieu thereof (but subject to the same provisions, conditions and limitations as herein set forth) and the Trustee may certify interim printed, mimeographed or typewritten Debentures, in such forms and in such denominations and with such appropriate omissions, insertions and variations as may be approved by the Trustee and any two officers of the Corporation (whose certification or signature, either manual or facsimile, on any such interim Debentures shall be conclusive evidence of such approval) entitling the Holders thereof to receive definitive Debentures of such Series in any authorized denominations and forms when the same are prepared and ready for

delivery, without expense to such Holders, but the total amount of interim Debentures of any Series so issued shall not exceed the total amount of Debentures of such Series for the time being authorized.

Forthwith after the issuance of any such interim Debentures, the Corporation shall cause to be prepared the appropriate definitive Debentures for delivery to the Holders of such interim Debentures. After the preparation of definitive Debentures of a Series, the interim Debenture or Debentures of such Series shall be exchangeable for definitive Debentures of such Series upon surrender of such interim Debenture or Debentures at the Corporate Trust Office or at the principal office of any other Paying Agent, without charge to the holder thereof. Upon surrender of any such interim Debenture, the Corporation shall execute and the Trustee shall certify and deliver in exchange for all or any part of such interim Debenture, one or more definitive Debentures of the same Series, of any authorized denomination and of like tenor and for an aggregate principal amount equal to the aggregate principal amount of the interim Debenture or part thereof that is being exchanged for such definitive Debenture or Debentures and if part only of such interim Debenture is being exchanged for such definitive Debenture or Debentures, together with such interim Debenture with the reduction of the principal amount thereof endorsed thereon or on a schedule annexed thereto by the Trustee or such Paying Agent or together with a new interim Debenture or Debentures, executed by the Corporation and certified and delivered by the Trustee, of the same Series, of any authorized denomination and of like tenor and for an aggregate principal amount equal to the remaining principal amount of the surrendered interim Debenture or Debentures. Upon the exchange of the entire principal amount of an interim Debenture for definitive Debentures or for definitive Debentures together with new interim Debentures, the interim Debenture so exchanged shall be cancelled.

Any interim Debentures when duly issued shall, until exchanged for definitive Debentures, entitle the Holders thereof to rank for all purposes as Debentureholders and otherwise in respect of this Indenture to the same extent and in the same manner as though such exchange had actually been made. Any interest paid upon interim Debentures shall be noted thereon by the Paying Agent at the time of payment unless paid by cheque to the Holder thereof.

2.10 Issue of Substitutional Debentures

If any Debenture issued and certified hereunder becomes mutilated or is lost, destroyed or stolen, the Corporation, in its discretion, may issue, and thereupon the Trustee shall certify and deliver, a replacement Debenture of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Debenture or in lieu of and in substitution for such lost, destroyed or stolen Debenture. The substituted Debenture shall be in a form reasonably approved by the Trustee and shall be entitled to the benefit hereof and rank equally and *pari passu* in accordance with its terms with all other Debentures. The applicant for a replacement Debenture shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Trustee such evidence of ownership and of the loss, destruction or theft of the Debenture so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Trustee in their discretion, and such applicant shall also furnish an indemnity and surety bond, in amount and form satisfactory to the Corporation and the Trustee in their discretion, and

shall pay the reasonable charges and expenses of the Corporation and the Trustee in connection therewith.

2.11 Option of Holder as to Place of Payment

Except as herein otherwise provided, all amounts which at any time become payable on account of any Debenture or any interest or Premium thereon shall be payable at the option of the Holder at any of the places at which the principal and interest in respect of such Debenture are payable.

2.12 Record of Payments

Any Paying Agent, other than the Trustee, shall provide written evidence to the Trustee of any payments made by it. The Trustee shall maintain accounts and records evidencing each payment of principal of and Premium and interest on Debentures, which accounts and records shall constitute, in the absence of manifest error, *prima facie* evidence thereof and shall maintain the written evidence provided to it by any other Paying Agent.

2.13 Payment Agreements for Debentures

Notwithstanding any provision in this Indenture or any Debenture to the contrary, the Corporation may enter into an agreement (whether in a Supplemental Indenture or otherwise) with the Holder of a Debenture, or with the Person for whom such Holder is acting as nominee, providing for the payment to such Holder of the principal of and Premium and interest on such Debenture and all other amounts payable hereunder at a place, and by wire transfer of funds or in such other manner, other than the places or the manner specified in this Indenture or in such Debenture as the places and the manner for such payment, provided that (a) payment or prepayment in full of such Debenture shall be made only upon the surrender thereof at the place of payment as specified in the Indenture and (b) it will be a condition to the registration of any transfer of such Debenture that the Debentureholder shall make the same available to the Trustee at its Corporate Trust Office for notation thereon of the portion of the principal amount thereof theretofore prepaid prior to any such transfer. Any such payment shall absolutely discharge the obligations of the Corporation with respect to such payment under such Debenture. The Corporation shall furnish to the Trustee an Officers' Certificate as to the Persons with whom the Corporation has entered into such an agreement. The Corporation shall lodge a copy of any such agreement with the Trustee prior to the next Interest Payment Date of any Debenture to which such agreement relates. Any payment of the principal of and Premium and interest on any such Debenture and other amounts payable under this Indenture at such other place or in such other manner pursuant to such agreement shall, notwithstanding any other provision of this Indenture or the Debentures, be valid and binding on the Corporation, the Trustee, any Registrar, any Paying Agent, and all Holders of Debentures.

2.14 Surrender for Cancellation

If the principal amount due upon any Debenture shall become payable before the Stated Maturity thereof, prior to any such payment, the Person presenting such Debenture for payment shall surrender the same for cancellation to the Corporate Trust Office and the Corporation shall

pay or cause to be paid the interest accrued and unpaid thereon (computed on a per diem basis if the date fixed for payment is not an Interest Payment Date).

2.15 Right to Receive Indenture

Each Debentureholder is entitled to receive from the Corporation a copy of this Indenture on written request and upon payment of a reasonable copying charge.

2.16 Refunding Debentures

- (a) If the Corporation wishes to issue Debentures for the purpose of refunding a portion or all of the principal amount outstanding of any one or more series of Debentures (such newly issued Debentures referred to herein as “**Refunding Debentures**”) where such Debentures to be repaid, redeemed or purchased for cancellation have a Maturity Date or which the Corporation proposes to redeem or purchase for cancellation in accordance with Article 5, within the twelve month period following the issuance of the Refunding Debentures (such Debentures to be repaid, redeemed or purchased for cancellation referred to herein as the “**Subject Debentures**”), the order referred to in subsection 4.1(d) must: (i) identify the relevant Subject Debentures; and (ii) state the aggregate principal amount of the Subject Debentures to be repaid, redeemed or purchased for cancellation as the case may be.
- (b) Subject to paragraph (c), the proceeds from the issuance of Refunding Debentures shall be held by the Trustee in trust and invested in Authorized Investments in accordance with the written direction of the Corporation until applied to the repayment, redemption or purchase for cancellation of the Subject Debentures.
- (c) To the extent amounts on deposit with the Trustee exceed the amount required to repay, redeem or purchase for cancellation of the Subject Debentures, the Trustee shall deliver such excess to the Corporation.

ARTICLE 3

REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF DEBENTURES

3.1 Registers

The Corporation shall cause to be kept at the Corporate Trust Office, or at such other place as shall be agreed by the Corporation and the Trustee, a central register (the “**Central Register**”) and may cause to be kept in such other place or places, by the Trustee or by such other Registrar or Registrars (if any) as the Corporation may designate, branch registers (each a “**Register**” and collectively with the Central Register the “**Registers**”) in each of which shall be entered the names and latest known addresses of Holders of Debentures and the other particulars, as prescribed by law, of the Debentures held by each of them and of all transfers of such Debentures. Such registration shall be noted on such Debentures by the Trustee or other Registrar. Every Registrar (including the Trustee) from time to time shall, when requested in writing so to do by the Corporation or by the Trustee, furnish the Corporation or the Trustee, as

the case may be, with a list of the names and addresses of the Holders of Debentures entered on the Register kept by such Registrar, showing the principal amount and serial numbers of such Debentures held by each Holder.

The Corporation shall, or shall cause the Registrar or Registrars to, furnish to the Trustee, in writing at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Debentureholders.

The Registers referred to in this Section 3.1 shall at all reasonable times be open for inspection during the regular business hours of the Trustee by the Corporation, the Trustee, any Debentureholder and any Person who has a beneficial interest in a Global Debenture and provides a sworn affidavit confirming such beneficial ownership.

3.2 Transfer of Debentures

A Holder of a Debenture may at any time and from time to time have such Debenture transferred at any of the places at which a Register is kept pursuant to the provisions of Section 3.1. A Holder of a Debenture may at any time and from time to time have the registration of such Debenture transferred from the Register in which the registration of such Debenture appears to another Register maintained in another place authorized for that purpose under the provisions of this Indenture upon payment of a reasonable fee to be fixed by the Corporation and the Trustee.

No transfer of a Debenture shall be effective as against the Corporation unless:

- (a) such transfer is made by the Holder of the Debenture or the executor, administrator or other legal representative of, or any attorney for, the Holder, duly appointed by an instrument in form and execution satisfactory to the Trustee or other Registrar, upon surrender to the Trustee or other Registrar of the Debenture and a duly executed form of transfer;
- (b) such transfer is made in compliance with applicable law;
- (c) such transfer is made in compliance with requirements as the Trustee or other Registrar may prescribe; and
- (d) such transfer has been duly noted on such Debenture and on one of the appropriate Registers by the Trustee or other Registrar.

3.3 Restrictions on Transfer of Global Debentures

Notwithstanding any other provision of this Indenture, a Global Debenture registered in the name of the Depository or a nominee of the Depository may not be transferred by the Depository or such nominee except in the following circumstances or as otherwise specified in a Supplemental Indenture relating to such Debenture:

- (a) such Global Debenture may be transferred by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or to another nominee of the Depository or by the Depository or its nominee to a successor Depository or its nominee;
- (b) such Global Debenture may be transferred at any time after the Depository for such Global Debenture has notified the Corporation that it is unwilling or unable or no longer eligible to continue as Depository for such Global Debenture;
- (c) such Global Debenture may be transferred at any time after the Corporation has determined, in its sole discretion, that the Debentures represented by such Global Debenture shall no longer be held as Book Entry Only Debentures; and
- (d) such Global Debenture may be transferred at any time after the Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the Series issued in the form of such Global Debenture, provided that at the time of such transfer such Event of Default has not been waived in accordance with the provisions of this Indenture.

3.4 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other Registrar and upon compliance with all other conditions in that regard required by this Indenture or by law, to be entered on a Register as the Holder of such Debenture free from all equities or rights of setoff or counterclaim between the Corporation and the transferor or any previous Holder of such Debenture, except in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

3.5 Closing of Registers

Except in the case of the Central Register, the Corporation shall have power at any time to close any Register. The Corporation shall transfer the registration of any Debentures registered on a Register which the Corporation closes to another existing Register or to a new Register and thereafter such Debentures shall be deemed to be registered on such existing or new Register, as the case may be. If the Register in any place is closed and the records are transferred to a Register in another place, notice of such change shall be given to each Debentureholder registered in the Register so closed and the particulars of such change shall be recorded in the Central Register.

None of the Corporation, the Trustee nor any Registrar shall be required to:

- (a) effect transfers or exchanges of Debentures of any Series on any Interest Payment Date for Debentures of that Series or during the 10 preceding Business Days; or
- (b) effect transfers or exchanges of Debentures of any Series:

- (i) from the day of any selection by the Trustee of Debentures of that Series to be redeemed until the day on which notice of redemption is mailed pursuant to Section 5.3; or
- (ii) that have been selected or called for redemption in whole or in part unless, upon due presentation thereof for redemption, such Debentures are not redeemed.

3.6 Exchange of Debentures

Subject to Section 3.5, Debentures in any authorized form or denomination may be exchanged upon reasonable notice for Debentures in any other authorized form or denomination, any such exchange to be for an equivalent aggregate principal amount of Debentures of the same Series, carrying the same rate of interest and having the same Maturity Date and the same redemption and sinking fund provisions, if any.

Debentures of any Series may be exchanged at the respective Corporate Trust Office or at such other place or places as may be specified in the Debentures of such Series or in the Supplemental Indenture providing for the issuance thereof, and at such other place or places as may from time to time be designated by the Corporation pursuant to Section 6.3. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Corporation shall execute and the Trustee shall certify all Debentures necessary to carry out such exchanges. All Debentures surrendered for exchange shall be cancelled.

Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect, provided that:

- (a) Debentures which have been selected or called for redemption may not be exchanged for Debentures of larger denominations; and
- (b) if a Debenture that has been selected or called for redemption in part is presented for exchange into Debentures of smaller denominations, the Trustee shall designate, according to such method as the Trustee shall deem equitable, particular Debentures of those issued in exchange, which shall be deemed to have been selected or called for redemption, in whole or in part, and the Trustee shall have noted thereon a statement to that effect.

3.7 Ownership and Entitlement to Payment

The Person in whose name a Debenture is registered shall be deemed to be the beneficial owner thereof for all purposes of this Indenture and payment of or on account of the principal of and Premium and interest on such Debenture shall be made only to or upon the order in writing of such Person, and each such payment shall be a good and sufficient discharge to the Corporation, the Trustee, any Registrar and any Paying Agent for the amount so paid.

If a Debenture is registered in the name of more than one Person, the principal, Premium and interest from time to time payable in respect thereof may be paid to the order of all such Persons, failing written instructions from them to the contrary, and each such payment shall be a good and sufficient discharge to the Corporation, the Trustee, any Registrar and any Paying Agent for the amount so paid.

Notwithstanding any other provision of this Indenture, all payments in respect of Debentures represented by a Global Debenture shall be made to the Depository or its nominee for subsequent payment by the Depository or its nominee to holders of beneficial interests in such Global Debenture.

The Holder for the time being of a Debenture shall be entitled to the principal, Premium and interest evidenced by such Debenture, free from all equities or rights of setoff or counterclaim between the Corporation and the original or any intermediate Holder thereof, and all Persons may act accordingly. The receipt by any such Holder of any such principal, Premium or interest shall be a good and sufficient discharge to the Corporation, the Trustee, any Registrar and any Paying Agent for the amount so paid, and none of the Corporation, the Trustee, any Registrar nor any Paying Agent shall be bound to inquire into the title of any such Holder.

3.8 Evidence of Ownership

The Corporation and the Trustee may treat the registered Holder of a Debenture as the beneficial owner thereof without actual production of such Debenture for the purpose of any Debentureholders' Request, requisition, direction, consent, instrument or other document to be made, signed or given by the Holder of such Debenture.

3.9 No Notice of Trusts

Neither the Corporation nor the Trustee nor any Registrar nor any Paying Agent shall be bound to take notice of or see to the performance or observance of any duty owed to a third Person (whether under a trust, express, implied, resulting or constructive, in respect of any Debenture or otherwise) by the beneficial owner or the Holder of a Debenture or any Person whom the Corporation or the Trustee treat, as permitted or required by law, as the beneficial owner or the Holder of such Debenture, and the Corporation, the Trustee or any Registrar may transfer such Debenture on the direction of the Person so treated or registered as the Holder thereof, whether named as trustee or otherwise, as though that Person was the beneficial owner of such Debenture,

3.10 Charges for Transfer and Exchange

For each Debenture exchanged or transferred, the Trustee or other Registrar, except as otherwise herein provided, may charge a reasonable amount for its services and in addition may charge a reasonable amount for each new Debenture issued (such amounts to be agreed upon by the Trustee or other Registrar and the Corporation from time to time), and payment of such charges and reimbursement of the Trustee or other Registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the Person requesting such exchange or transfer as a condition precedent thereto.

Notwithstanding the foregoing, no charge (except a charge to reimburse the appropriate Trustee or other Registrar for any stamp taxes or governmental or other charges) shall be made to a Debentureholder:

- (a) for any exchange or transfer of Debentures of a Series applied for within a period of 45 days from the date of the first delivery of Debentures of such Series;
- (b) for any exchange of Debentures in denominations in excess of \$1,000 for Debentures in lesser denominations, provided that the Debentures surrendered for exchange shall not have been issued as a result of any previous exchange other than an exchange pursuant to subsection 3.10(a);
- (c) for any exchange of any interim Debenture that has been issued pursuant to Section 2.9; or
- (d) for any exchange of any Debenture resulting from a partial redemption pursuant to Section 5.2.

ARTICLE 4

ISSUE AND DELIVERY OF DEBENTURES

4.1 Issuance of Debentures

The Corporation may issue Debentures issuable under this Indenture, but only upon receipt by the Trustee of the following:

- (a) a Certified Resolution authorizing the issuance and requesting the certification and delivery of a specified principal amount of Debentures and determining the attributes thereof;
- (b) an Officers' Certificate stating that no default exists in respect of any of the covenants, agreements or provisions of this Indenture or, if any such default exists, specifying the nature thereof and the action, if any, being taken by the Corporation to remedy such default;
- (c) where the Debentures to be issued are to be Debentures of a new Series, a Supplemental Indenture specifying the terms thereof and the forms and denominations in which they may be issued duly executed by the Corporation;
- (d) an order of the Corporation for the certification and delivery of such Debentures specifying the principal amount requested to be certified and delivered and the place of delivery for each Debenture requested to be certified and delivered and if such Debentures are Refunding Debentures, the information as required by subsection 2.16(a); and
- (e) an opinion of Corporation Counsel to the effect that all legal requirements in respect of the proposed issue of such Debentures have been satisfied, including

any statements required by the applicable provisions of the Trust Indenture Legislation;

and thereupon the Trustee shall execute the Supplemental Indenture referred to in clause (c), if applicable, and shall certify and deliver to or to the order of the Corporation such Debentures.

4.2 No Debentures to be Issued During Default

No Debentures shall be certified and delivered hereunder if at the time of such certification and delivery the Corporation, to the knowledge of the Trustee, is in default hereunder, provided that the Trustee, based on the opinion of Trustee Counsel, may certify and deliver Debentures notwithstanding such knowledge if the Trustee shall be satisfied that such default is not material and that the Corporation is taking appropriate action to remedy such default.

ARTICLE 5 REDEMPTION AND PURCHASE OF DEBENTURES

5.1 General

The Corporation, when not in default hereunder, shall have the right at its option to redeem, either in whole at any time or in part from time to time before Stated Maturity, Debentures of any Series which by their terms are made so redeemable, at such rate or rates of Premium, on such date or dates and on such terms and conditions as shall have been determined at the time of issue of such Debentures and as shall be expressed in such Debentures or in the Supplemental Indenture authorizing or providing for the issue thereof.

5.2 Partial Redemption of Debentures

If less than all of the Debentures of a Series for the time being outstanding are to be redeemed, the Corporation shall, at least 30 days and not more than 60 days before the date upon which notice of redemption is to be given to Holders of such Debentures, notify the Trustee in writing of the Corporation's intention to redeem Debentures of such Series and of the aggregate principal amount of Debentures to be redeemed. The Debentures to be redeemed shall be selected by the Trustee on a pro rata basis (to the nearest multiple of \$1,000) in accordance with the principal amount of Debentures of such Series registered in the name of each Holder or by lot or by such other means as the Trustee may deem equitable and expedient. For this purpose the Trustee may make regulations with regard to the manner in which such Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders. Debentures in denominations in excess of \$1,000 may be selected and called for redemption in part only (such part being \$1,000 or an integral multiple thereof), and, unless the context otherwise requires, reference to Debentures in this Article 5 shall be deemed to include any such part of the principal amount of Debentures which shall have been so selected and called for redemption. The Holder of any Debenture called for redemption in part only, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such Holder, one or more new Debentures for the unredeemed part of the Debenture so surrendered, and the Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered.

5.3 Notice of Redemption

Notice of intention to redeem any Debentures shall be given by or on behalf of the Corporation to the Holders of the Debentures which are to be redeemed, not more than 60 days and not less than 30 days prior to the date fixed for redemption (the “**Redemption Date**”), in the manner provided in Section 12.2. Every notice of redemption shall specify the Series and the Stated Maturity of the Debentures called for redemption, the Redemption Date, the Redemption Price or, where applicable only, the date upon which the Redemption Price shall be calculated in connection with the Debentures called for redemption (“**Redemption Price Calculation Date**”) and the place or places of payment, and shall state that all interest thereon shall cease from and after the Redemption Date. In addition, unless all the outstanding Debentures of a Series are to be redeemed, the notice of redemption shall specify:

- (a) in the case of a notice mailed to a Holder, the distinguishing letters and numbers of the Debentures which are to be redeemed (or of such thereof as are registered in the name of such Holder);
- (b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected by terminal digit or other similar system, such particulars as may be sufficient to identify the Debentures so selected;
- (c) in the case of Book Entry Only Debentures, that the redemption shall take place in such manner as may be agreed by the Depository, the Trustee and the Corporation; and
- (d) in all cases, the principal amount of each Debenture to be redeemed or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

If a notice of redemption specifies a Redemption Price Calculation Date for any Debentures, the Corporation shall deliver to the Trustee, not later than the second Business Day prior to the Redemption Date for such Debentures, a certificate of the Corporation which specifies the Redemption Price of such Debentures.

5.4 Debentures Due on Redemption Date

Upon notice of redemption having been given as specified in Section 5.3, all the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price and on the Redemption Date specified in such notice, in the same manner and with the same effect as if such date was the Stated Maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the money necessary to redeem such Debentures shall have been deposited as provided in Section 9.2 and affidavits or other proof satisfactory to the Trustee as to the publication or mailing of such notice shall have been lodged with the Trustee, such Debentures shall not be considered as outstanding hereunder and interest upon such Debentures shall cease.

If any question shall arise as to whether any notice has been given as required or any deposit has been made, such question shall be decided by the Trustee, whose decision shall be final and binding upon all parties in interest.

5.5 Purchase of Debentures

The Corporation may, at any time when it is not in default hereunder, purchase all or any of the Debentures in the market (which shall include purchase from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract, at any price from time to time. All Debentures so purchased shall forthwith be delivered to the Trustee, prior to any payment, and shall be cancelled by it and, subject to the following paragraph of this Section 5.5, no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price than the Corporation is prepared to accept, the Debentures to be purchased by the Corporation shall be selected by the Trustee, in such manner (which may include selection by lot, selection on a *pro rata* basis, random selection by computer or any other method) as the Trustee considers appropriate, from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that, as a result thereof, one or more of such Debentures become subject to purchase in part only. The Holder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such Holder, one or more new Debentures for the unpurchased part so surrendered, and the Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered.

5.6 Cancellation of Debentures

Subject to the provisions of Sections 5.2 and 5.5 as to Debentures redeemed or purchased in part, all Debentures redeemed or purchased in whole or in part by the Corporation shall not be reissued or resold and shall be forthwith delivered to and cancelled by the Trustee, and no Debentures of the same Series shall be issued in substitution therefor.

ARTICLE 6 COVENANTS OF THE CORPORATION

6.1 General Covenants

The Corporation hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Debentureholders as follows:

- (a) the Corporation will duly and punctually pay or cause to be paid, without deduction or any right of set-off, to each Holder of Debentures the principal thereof, interest accrued thereon and Premium, if any, payable thereon on the dates, at the places, in the currency, and in the manner specified herein or as otherwise provided in such Debentures;

- (b) subject to the express provisions hereof, the Corporation will and will cause each Material Subsidiary to maintain its corporate existence (provided however a Material Subsidiary may cease to maintain its corporate existence if all of its assets are or have been conveyed to the Corporation or another Material Subsidiary) and will carry on and conduct or will cause to be carried on and conducted its business and the business of its Material Subsidiaries in a proper and efficient manner and will keep or cause to be kept proper books of account and make or cause to be made therein true and faithful entries of all its dealings and transactions in relation to its business and the business of its Material Subsidiaries, as the case may be, all in accordance with GAAP, provided that nothing herein contained will prevent the Corporation from ceasing to operate or from causing any Material Subsidiary to cease to operate any premises or property if in the opinion of the Directors it is advisable and in the best interests of the Corporation or the Material Subsidiary concerned to do so;
- (c) so long as any Debentures are outstanding, the Corporation will provide to the Trustee copies of (i) within 120 days of each fiscal year end of the Corporation, annual audited consolidated financial statements of the Corporation prepared in accordance with GAAP together with a report of the Corporation's Auditors thereon; (ii) within 60 days of the end of the first, second and third quarters of the Corporation's fiscal year, quarterly unaudited consolidated financial statements; (iii) if required, at the same time as they are filed with provincial securities regulatory authorities, all other non-confidential documents required to be filed with such authorities under applicable securities laws; and (iv) such other non-confidential information relating to the business of the Corporation and its Subsidiaries as the Trustee may reasonably require;
- (d) the Corporation will maintain, and will take all necessary corporate actions to ensure that each Material Subsidiary maintains, in force such policies of insurance in such amounts issued by insurers of recognized standing covering the properties and operations of the Corporation and its Material Subsidiaries as are customarily held by similar entities engaged in the same or similar businesses in similar locations; and
- (e) the Corporation will, and will cause each Material Subsidiary to, from time to time pay or cause to be paid all taxes (including transfer taxes), rates, levies, payments in lieu of taxes, assessments (ordinary or extraordinary), government fees or dues lawfully levied, assessed or imposed upon or in respect of its respective property or any part thereof or upon its income and profits as and when the same become due and payable and to withhold and remit any amounts required to be withheld by it from payments due to others and remit the same to any government or agency thereof, provided, however, that the Corporation and its Material Subsidiaries have the right to contest in good faith and diligently by legal proceedings any such taxes, rates, levies, payments in lieu of taxes, assessments, government fees or dues and, during such contest, may deliver or defer payment or discharge thereof.

6.2 SEC Reporting

The Corporation confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to section 12 of the United States Securities Exchange Act of 1934 (the “**U.S. Exchange Act**”) or have a reporting obligation pursuant to section 15(d) of the U.S. Exchange Act. The Corporation covenants that if (i) any class of its securities shall become registered pursuant to section 12 of the U.S. Exchange Act or the Corporation shall incur a reporting obligation pursuant to section 15(d) of the U.S. Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Corporation in accordance with the U.S. Exchange Act, the Corporation shall promptly deliver to the Trustee an Officer’s Certificate (in a form provided by the Trustee), notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time. The Corporation acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain obligations of the U.S. Securities and Exchange Commission (“**SEC**”) with respect to those clients who are filing with the SEC.

6.3 Maintenance of Offices or Agencies

The Corporation will maintain, in Toronto, Ontario, an office or agency where Debentures may be presented or surrendered for payment, where Debentures may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Corporation in respect of the Debentures and this Indenture may be served. The Corporate Trust Office shall be such office or agency of the Corporation, unless the Corporation designates and maintains some other office or agency for one or more of such purposes. The Corporation will give prompt notice to the Trustee of any change in the location of any such office or agency. If at any time the Corporation shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the addresses thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Corporation hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Corporation may from time to time designate one or more other offices or agencies (in or outside of Toronto) where the Debentures may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation; provided, however, that no such designation or rescission shall in any manner relieve the Corporation of its obligation to maintain an office or agency in Toronto for such purposes. The Corporation will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

6.4 Money for Payments to Be Held in Trust

If the Corporation shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of and Premium and interest on any of the Debentures, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal of and Premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure to so act.

Whenever the Corporation shall have one or more Paying Agents for the Debentures, it will, on or before the Business Day immediately prior to each due date of the principal of and Premium and interest on any Debentures, deposit, by electronic funds transfer, with a Paying Agent a sum sufficient to pay the principal of and Premium and interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, Premium or interest and (unless such Paying Agent is a Trustee) the Corporation will promptly notify the Trustee of such action or any failure so to act.

The Corporation will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 6.4, that such Paying Agent will:

- (a) hold all sums held by it for the payment of the principal of and Premium and interest on Debentures in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (b) give the Trustee notice of any default by the Corporation (or any other obligor upon the Debentures) in the making of any payment of principal of and Premium and interest; and
- (c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Corporation may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by an order of the Corporation direct any Paying Agent to pay, to the Trustee all sums held in trust by the Corporation or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Corporation or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or held by the Corporation, in trust for the payment of the principal of and Premium and interest on any Debenture which remains unclaimed for two years after such principal of and Premium and interest has become due and payable shall be paid, on request of the Corporation, to the Corporation, or (if then held by the Corporation) shall be discharged from such trust; and the Holder of such Debenture shall thereafter, as an unsecured general creditor, look only to the Corporation for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Corporation as trustee thereof, shall thereupon cease.

6.5 Trustee's Remuneration and Expenses

The Corporation will pay the Trustee reasonable remuneration for its services as trustee hereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of

Trustee Counsel and all other advisers and assistants not regularly in its employ who have been retained by the Trustee) both before any default hereunder and thereafter until all the duties of the Trustee shall be firmly and fully performed, except any such expense, disbursement or advance as may arise from its gross negligence or wilful misconduct. Any amount due under this Section 6.5 and unpaid thirty days after request for such payment shall bear interest from the expiration of such thirty days at a rate per annum equal to the then current rate charged by the Trustee, payable on demand. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee or its successors in the trusts hereunder in priority to any payment of the principal of or interest or Premium on the Debentures. Such remuneration shall continue to be payable until the trusts hereof shall be finally wound up, whether or not the trusts of this Indenture shall be in course of administration by or under the direction of a court.

6.6 Not to Extend Time for Payment of Interest

Subject to the provisions of Section 11.11 or Section 11.12 as applicable, in order to prevent any accumulation after maturity of unpaid interest, the Corporation will not directly or indirectly extend or assent to the extension of time for payment of interest upon any Debentures or directly or indirectly be or become a party to or approve any such arrangement by purchasing or funding interest on the Debentures or in any other manner.

If the time for the payment of any interest shall be so extended, whether or not such extension is by or with the consent of the Corporation, notwithstanding anything herein or in the Debentures contained, such interest shall not be entitled in case of default hereunder to the benefit of this Indenture until such time as payment in full has been made of the principal of all the Debentures and of all interest on such Debentures the payment of which has not been so extended.

6.7 Examination and Audit

So long as any Debentures are outstanding, the Corporation will annually, within 120 days after the end of its fiscal year, have an examination and audit of the accounts, affairs and condition of the Corporation and its Subsidiaries made by the Corporation's Auditors.

6.8 Negative Pledge

So long as any Debentures are outstanding, the Corporation will not, and will not permit any Subsidiary to, create, assume or suffer to exist any Security Interest on any of its assets to secure any Obligation unless at the same time the Corporation secures or causes to be secured equally and rateably therewith all the Debentures then outstanding, provided that this Section 6.8 shall not apply to or operate to prevent Permitted Encumbrances.

6.9 Amalgamation, Merger and Sale of Assets

So long as any Debentures are outstanding, the Corporation may not, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the Corporation, or directly or indirectly transfer, sell, lease or otherwise dispose of all or

substantially all of its property or assets on a consolidated basis to any Person, except in accordance with the provisions of Section 10.1 or as permitted thereby. Notwithstanding the foregoing, (i) a Subsidiary shall be permitted to amalgamate or consolidate with or merge into another entity (including another Subsidiary) provided that, after giving effect to such merger, amalgamation or consolidation, as the case may be, it continues to be a Subsidiary and that the Corporation would be entitled to issue Funded Obligations in the principal amount of at least \$1.00, and (ii) a Subsidiary shall be permitted to amalgamate or consolidate with or merge into the Corporation provided that, after giving effect to such merger, amalgamation or consolidation, as the case may be, the Corporation would be entitled to issue Funded Obligations in the principal amount of at least \$1.00.

6.10 Limitation on Funded Obligations

The Corporation will not and will ensure that no Subsidiary will, directly or indirectly, guarantee, incur, issue or otherwise become liable for or in respect of any Funded Obligations unless (i) after giving effect to such guarantee, incurrence, issuance or liability (including the application or use of the net proceeds therefrom), the aggregate principal amount of Consolidated Funded Obligations does not exceed 75% of the Total Consolidated Capitalization, and (ii) no default or Event of Default shall have occurred and be continuing at the time of, or as a consequence of, such Funded Obligations having been incurred.

In determining the principal amount of Funded Obligations for the purposes of this Section 6.10:

- (a) there may be deducted the principal amount of and premium on any Funded Obligation which is to be repaid contemporaneously with or within 60 days after the taking of the action in respect of which such determination is made, provided that such principal amount and Premium to be repaid are not Subject Debentures and further provided that the Corporation has made due provision for the repayment of such principal amount and Premium; and
- (b) in the case of Funded Obligations the delivery of a portion of which is to be delayed not more than one year after the date of the first issuance of a portion of such Funded Obligations, the portion of the Funded Obligations the delivery of which is to be delayed shall be deemed to have been issued and the full principal amount of the consideration for the issue thereof to have been received on the date of the first delivery of any of such Funded Obligations and that portion of such Funded Obligations which is issued subsequent to the date of such first delivery shall be deemed not to be an issue of Funded Obligations and no further consideration shall be deemed to be received upon the actual issue of such portion of such Funded Obligations, provided that if any portion of such Funded Obligations is not issued within such period of one year, this subsection 6.10(b) shall thereafter not apply to such portion and such portion shall not be issued except in compliance with the provisions of this Section 6.10.

6.11 Trustee May Perform Covenants

If the Corporation fails to perform any covenant on its part herein contained, the Trustee may perform any of such covenants capable of being performed by it, and if any such covenant requires the payment or expenditure of money, the Trustee may make such payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but shall be under no obligation to do so, and all sums so expended or advanced shall be repayable by the Corporation in the manner provided in Section 6.5, but no such performance or payment shall be deemed to relieve the Corporation from any default or continuing obligation hereunder.

6.12 Certificates Relating to Compliance and Default

So long as any Debentures are outstanding, the Corporation will deliver to the Trustee within 60 days after the end of each of its first three fiscal quarters in each of its fiscal years and within 120 days after the end of each of its fiscal years, and at any other time if so requested by the Trustee, an Officers' Certificate stating that the Corporation has complied with all covenants, conditions or other requirements contained herein, non-compliance with which would, with the giving of notice or the lapse of time or otherwise, constitute an Event of Default, or, if such is not the case, specifying all relevant particulars thereof, the period of existence thereof and the action the Corporation is taking or proposes to take with respect thereto. For purposes of this Section 6.12, compliance by the Corporation with the covenants, conditions or other requirements of this Indenture shall be determined without regard to any period of grace or notice requirement under this Indenture.

ARTICLE 7

TRUSTEE'S OBLIGATIONS WITH RESPECT TO CORPORATION INFORMATION

7.1 Financial Statements and Other Information

Following receipt of financial statements or other information by the Trustee pursuant to subsection 6.1(c), the Trustee shall, while such statements or other information are current, maintain custody of same and make same available for inspection by Debentureholders during normal business hours upon reasonable request. If any such financial statements or other information are not publicly available, the Trustee will, upon the request of any Debentureholder, provide a copy of same to such Debentureholder without cost to the Debentureholder. No obligation shall rest with the Trustee to analyse such statements or other information, or evaluate the performance of the Corporation as indicated by such financial statements or other information, in any manner whatsoever.

ARTICLE 8

DEFAULTS AND REMEDIES

8.1 Events of Default

In addition to any events specified in a Supplemental Indenture relating to a Series of Debentures or except as otherwise provided in any such Supplemental Indenture, each of the following events shall be an "**Event of Default**" in respect of each Series of Debentures:

- (a) the Corporation fails to make payment of the principal or Premium, if any, on any Debentures when the same becomes due, at maturity, upon redemption or otherwise, and any such failure continues for a period of five days;
- (b) the Corporation fails to make payment of any interest on any Debentures when due and any such failure continues for a period of 30 days;
- (c) the Corporation fails to observe and perform any of its covenants under Section 6.9 of this Indenture;
- (d) the Corporation fails to observe and perform any other obligation under the provisions of this Indenture or any Supplemental Indenture and such failure continues for more than 60 days after written notice thereof is provided to the Corporation by the Trustee or by Holders of at least 25% of all Debentures issued under this Indenture;
- (e) the Corporation or any Material Subsidiary (whether as primary obligor or guarantor or surety) fails to make any payment of principal, Premium, if any, or interest on any Indebtedness, the outstanding principal amount of which Indebtedness exceeds the greater of \$5 million and 10% of the Consolidated Net Worth of the Corporation, beyond any period of grace provided with respect thereto or fails to perform or observe any other agreement, term or condition contained in any agreement under which any such Indebtedness is created and the effect of such default, failure or other event is to cause an amount in excess of the greater of \$5 million and 10% of the Consolidated Net Worth of the Corporation, of such Indebtedness to become due or to be required to be repurchased prior to any stated maturity;
- (f) a proceeding is instituted against the Corporation or a Material Subsidiary with respect to the appointment of a liquidator, trustee in bankruptcy, custodian or receiver and manager or other Person with similar powers with respect to the Corporation or a Material Subsidiary or any material part of the property of the Corporation or of a Material Subsidiary, unless such proceeding is being defended by the Corporation or such Material Subsidiary in good faith and is dismissed, discharged, stayed or restrained within 60 days of commencement and the position of the Debentureholders is not being prejudiced in any material respect;
- (g) the Corporation or a Material Subsidiary makes a general assignment for the benefit of its creditors, or institutes proceedings to be adjudicated a bankrupt or insolvent or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or petitions or applies to any court or tribunal for the appointment of a receiver or trustee for itself or any substantial part of its property, or commences any other bankruptcy, insolvency or analogous law or statute or any proceeding for the appointment of a receiver or trustee for itself or any part of its property, or suffers any such receivership or trusteeship and allows it to remain undischarged or unstayed for 60 days;

- (h) a resolution is passed for the winding-up or liquidation of the Corporation except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 10.1 are duly observed and performed; and
- (i) an encumbrancer takes possession of property of the Corporation or a Material Subsidiary that constitutes a substantial part of the property of the Corporation considered on a consolidated basis, or any execution is levied or enforced on property of the Corporation or a Material Subsidiary that constitutes a substantial part of the property of the Corporation considered on a consolidated basis, which remains unsatisfied for such period of time as would permit such property to be sold thereunder unless such process is in good faith being contested by the Corporation or the Material Subsidiary.

8.2 Notice of Event of Default

If an Event of Default has occurred and is continuing, the Trustee shall, as soon as reasonably practicable but in any event within 10 days after the Trustee has actual knowledge of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner specified in Section 12.2 provided, however, that, except in the case of a Default in the payment of the principal of (or Premium, if any) or interest on any Debenture, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officers of the Trustee acting on the advice of Trustee Counsel in good faith determines that the withholding of such notice is in the best interests of the Holders and the Trustee so advises the Corporation in writing.

If notice of an Event of Default has been given to Debentureholders and such Event of Default is thereafter remedied or cured prior to the acceleration of the Indebtedness of the Corporation hereunder pursuant to Section 8.3, notice that such Event of Default is no longer continuing shall be given by the Trustee to the Persons to whom notice of such Event of Default was given pursuant to this Section 8.2, such notice to be given within a reasonable time, not to exceed 15 days, after the Trustee becomes aware that such Event of Default has been remedied or cured during such period of time.

8.3 Acceleration

Subject to the provisions of Section 8.4, if an Event of Default due to the default in payment of principal of or Premium, if any, or interest on any Series of Debentures issued under this Indenture, or due to the default in the performance, or breach, of any other covenant or warranty of the Corporation applicable to the Debentures of any Series but not applicable to all outstanding Debentures issued under this Indenture, or due to a default which is an Event of Default under a Series of Debentures outstanding but not under all outstanding Debentures issued under this Indenture, shall have occurred and be continuing, the Trustee may, and shall upon receipt of a Debentureholders' Request in respect of such Series, then declare the principal of, and interest and Premium, if any, on all Series of Debentures to be due and payable immediately; and if an Event of Default due to a default in the performance of any other covenant or warranty in this Indenture applicable to all Debentures issued hereunder and then

outstanding, or due to an event described in subsection 8.1 (e), (f), (g), (h) or (i) above, shall have occurred and be continuing the Trustee may, and shall upon receipt of a Debentureholders' Request, declare the principal amount of all the Debentures then outstanding to be due and payable immediately.

Notwithstanding anything contained in this Indenture or the Debentures to the contrary, if such a declaration is made, the Corporation shall pay to the Trustee forthwith for the benefit of the Debentureholders the amount of principal of and Premium (calculated as if the Debentures were being redeemed and the date of demand was the Redemption Price Calculation Date therefor) and accrued and unpaid interest (including interest on amounts in default) on all Debentures and all other amounts payable in regard thereto under this Indenture, together with interest thereon at the rate borne by such Debentures from the date of such declaration until payment is received by the Trustee. Such payments, when made, shall be deemed to have been made in discharge of the Corporation's obligations under this Indenture and any amounts so received by the Trustee shall be applied in the manner specified in Section 8.8.

8.4 Waiver of Event of Default

Upon the happening of an Event of Default applicable to a Series of Debentures, the Holders of not less than 66⅔% of the principal amount of the Series of Debentures with respect to which an Event of Default has occurred and is continuing (or not less than 100% in the case of a failure to make payment of principal) shall have the power, exercisable by requisition in writing, to instruct the Trustee to waive such Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.3, and the Trustee shall thereupon waive such Event of Default or cancel such declaration upon such terms and conditions as shall be prescribed in such requisition.

Upon the happening of an Event of Default applicable to all the Debentures, the Holders of not less than 66⅔% of the principal amount of the Debentures shall have the power, exercisable by requisition in writing, to instruct the Trustee to waive such Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.3, and the Trustee shall thereupon waive such Event of Default or cancel such declaration upon such terms and conditions as shall be prescribed in such requisition.

No delay or omission of the Trustee or of the Debentureholders in exercising any right or power accruing upon the occurrence of an Event of Default shall impair any such right or power or shall be construed to be a waiver of such Event of Default or acquiescence therein, and no act or omission of, the Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.5 Enforcement by the Trustee

Upon the occurrence of an Event of Default, the Trustee shall exercise the rights and powers vested in it under this Indenture.

Subject to the provisions of Section 8.4 and to the provisions of any Extraordinary Resolution, if the Corporation fails to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.3, the principal of and Premium and interest on

all Debentures then outstanding together with any other amounts due hereunder, the Trustee shall, upon receipt of a Debentureholders' Request and upon being sufficiently funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as Trustee hereunder to obtain or enforce payment of such principal of and Premium and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Trustee in such request has been directed to take, or if such request contains no such direction, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee on the advice of Trustee Counsel shall deem expedient.

The Trustee shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the Holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the Holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective Holders of Debentures by taking and holding Debentures shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective Holders of the Debentures with authority to make and file in the respective names of the Holders of the Debentures or on behalf of the Holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the Holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other documents and to do and perform any and all such acts and things, for and on behalf of such Holders of the Debentures, as may be necessary or advisable, in the opinion of the Trustee acting on the advice of Trustee Counsel, in order to have the respective claims of the Trustee and of the Holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims, provided that nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

The Trustee shall also have power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relative thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the Holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also in any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the

Debentures, and it shall not be necessary to make any Holders of the Debentures parties to any such proceeding.

Subject to the provisions of Section 13.5, the Debentureholders shall (as evidenced by an Extraordinary Resolution) have the right to direct the time, method and place for conducting any proceeding for any remedy available to the Trustee, or exercising any right or power conferred on the Trustee, provided that:

- (a) such direction shall not, in the opinion of Trustee Counsel, be in conflict with any rule of law or with this Indenture;
- (b) subject to Trust Indenture Legislation, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction;
- (c) the Trustee need not take any action which might involve it in personal liability; and
- (d) if such direction directs the Trustee to take proceedings at court, the Trustee may in its discretion take judicial proceedings in lieu thereof.

8.6 Suits by Debentureholders

No Holder of any Debenture of any Series shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or any Premium or interest on the Debentures of such Series or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy unless:

- (a) the Debentureholders of such Series, by Extraordinary Resolution or by Debentureholders' Request, shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity to proceed to exercise the powers conferred upon it or to institute an action, suit or proceeding in its name for such purpose;
- (b) the Debentureholders of such Series or any of them shall have furnished to the Trustee, when so requested by the Trustee, indemnity satisfactory to the Trustee with respect to the costs, expenses and liabilities to be incurred therein or thereby;
- (c) the Trustee shall have failed to act within a reasonable time after such notification, request and provision of indemnity; and
- (d) no direction inconsistent with such written request has been received by the Trustee from Holders of a majority in principal amount of the outstanding Debentures of such Series.

If a Debentureholder has the right to institute proceedings under this Section 8.6, such Debentureholder, acting on behalf of itself and all other Debentureholders, for the rateable

benefit of all Debentureholders, shall be entitled to commence proceedings in any court of competent jurisdiction in which the Trustee might have commenced proceedings under Section 8.5, but in no event shall any Debentureholder or combination of Debentureholders have any right to seek any other remedy or institute proceedings out of court. No one or more Debentureholders shall have any right in any manner whatsoever to enforce any right under this Indenture or under any Debenture, except in accordance with the conditions and in the manner provided in this Indenture.

8.7 Undertaking for Costs

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted to be taken by it as trustee, a court in its discretion may require any party litigant in the suit to file an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable legal fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defences made by the party litigant. This Section 8.7 does not apply to a suit instituted by the Trustee, a suit by the Corporation, a suit instituted by a Holder for the enforcement of the payment of any principal of or Premium or interest on a Debenture or a suit by Holders of more than 10% in outstanding principal amount of the Debentures.

8.8 Application of Money

Except as herein otherwise expressly provided, any money received by the Trustee or a Debentureholder pursuant to the provisions of this Article 8 or as a result of legal or other proceedings against the Corporation or any Subsidiary pursuant hereto, or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with other money available to the Trustee for such purpose, as follows:

- (a) first, in payment or in reimbursement to the Trustee of its fee, costs, charges, expenses, borrowings, advances or other amounts furnished or provided by or at the request of the Trustee in or about the administration and execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
- (b) second, subject to the provisions of Section 6.6 and this Section 8.8, in payment of the principal of and Premium and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then Premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by an Extraordinary Resolution, and in that case in such order or priority as between principal, Premium and interest as may be directed by such resolution; and
- (c) third, in payment of the surplus, if any, of such money to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to subsection 8.8(b) in respect of the principal of or Premium or interest on any Debenture which the Trustee knows is held, directly or indirectly, by or for the benefit of the Corporation or any

Affiliate of the Corporation (other than any Debenture pledged for value and in good faith to a Person other than the Corporation or any Affiliate of the Corporation, but only to the extent of such Person's interest therein) until the prior payment in full of the principal of and Premium and interest on all Debentures which are not so held.

8.9 Distribution of Proceeds

Payments to Debentureholders pursuant to subsection 8.8(b) shall be made as follows:

- (a) at least 15 days' notice of every such payment shall be given in the manner specified in Section 12.2, specifying the time and the place or places at which the Debentures are to be presented and the amount of the payment and the application thereof as between principal, Premium and interest;
- (b) payment in respect of any Debenture shall be made upon presentation and surrender thereof at any one of the places specified in such notice, but the Trustee may in its discretion dispense with presentation and surrender or endorsement in any case upon such indemnity being given as the Trustee shall consider sufficient;
- (c) from and after the date of payment specified in such notice, interest shall accrue only on the amount owing on each Debenture after giving credit for the amount of the payment specified in such notice unless the Debenture in respect of which such amount is owing is duly presented on or after the date so specified and payment of such amount is not made; and
- (d) the Trustee shall not be required to make any payment to Debentureholders unless the amount available to it for such purpose, after reserving therefrom such amount as the Trustee may determine necessary to provide for the payments referred to in subsection 8.8(a), exceeds \$1,000,000.

8.10 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee or upon or to the Debentureholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law.

8.11 Judgment Against the Corporation

In case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against the Corporation in favour of the Debentureholders or in favour of the Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and the interest thereon.

8.12 Immunity of Shareholders, Directors and Officers

The Debentureholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future

incorporator, shareholder, director or officer of the Corporation or of any Successor for the payment of the principal of or Premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation herein or in the Debentures contained.

ARTICLE 9 CANCELLATION, DISCHARGE AND DEFEASANCE

9.1 Cancellation and Destruction

All Debentures surrendered to the Corporation, a Registrar or a Paying Agent for any purpose shall be delivered to the Trustee forthwith. Each such Debenture and each Debenture surrendered to the Trustee shall be cancelled by the Trustee forthwith before all payments required in respect thereof to the date of surrender have been made. Subject to applicable law, all issued Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be cancelled and stored by the Trustee in accordance with the Trustee's ordinary practice, and the Trustee shall furnish to the Corporation a cancellation certificate in respect of the Debentures so cancelled.

9.2 Payment of Amounts Due on Maturity

Except as otherwise provided in a Supplemental Indenture applicable to a Series of Debentures, the Corporation shall establish and maintain with the Trustee segregated trust accounts ("**Debt Accounts**") for each Series of Debentures. Each such Debt Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. Prior to 9:00 a.m., Toronto, Ontario time, on each Maturity Date for outstanding Debentures, the Corporation shall deposit, by electronic funds transfer, in the applicable Debt Accounts an amount sufficient to pay the amount payable in respect of such Debentures on such Maturity Date (less any taxes required by law to be deducted or withheld). The Trustee shall use the funds deposited in Debt Accounts to pay to the Holder of a Debenture entitled to receive payment on such Maturity Date the principal amount of, accrued interest, if any, and Premium on such Debenture upon surrender of such Debenture at the Corporate Trust Office or at such other place as shall be designated for such purpose from time to time by the Corporation and the Trustee. The deposit of such amount to the applicable Debt Accounts shall satisfy and discharge the liability of the Corporation for the Debentures to which the deposit relates to the extent of the amount deposited (plus the amount of any taxes deducted or withheld) and thereafter such Debentures shall not to that extent be considered to be outstanding and such Holders thereof shall have no right with respect thereto other than to receive out of the amount so deposited the respective amounts to which such Holders are entitled upon surrender of such Debentures. Failure to make a deposit as required pursuant to this Section 9.2 shall constitute default in payment on the Debentures in respect of which the deposit was required to have been made.

9.3 Repayment of Unclaimed Money

Any amount deposited pursuant to Section 9.2 and not claimed by and paid to Holders of Debentures as provided in Section 9.2 within six years after the later of the date of such deposit and the applicable Maturity Date shall be repaid to the Corporation by the Trustee on demand, together with any interest accrued thereon, and thereupon the Trustee shall be released from all

further liability with respect to such amount and thereafter the Holders of the Debentures in respect of which such amount was so repaid to the Corporation shall have no rights in respect thereof and the Corporation shall be discharged from its obligations in respect thereof.

9.4 Discharge

Upon proof being given to the Trustee that the principal of all the Debentures and the Premium thereon and interest (including interest on amounts in default) thereon and other amounts payable hereunder have been paid or satisfied, or that all the outstanding Debentures have matured or have been duly called for redemption, such payment or redemption has been duly and effectually provided for by payment to the Trustee or otherwise, and upon payment of all costs, charges and expenses properly incurred by the Trustee in relation to this Indenture and all interest thereon and the remuneration of the Trustee, or upon provision satisfactory to the Trustee being made therefor, the Trustee shall, at the request and at the expense of the Corporation, execute and deliver to the Corporation such deeds or other instruments as shall be required to evidence the satisfaction and discharge of this Indenture and to release the Corporation from its covenants herein contained other than those relating to the indemnification of the Trustee.

9.5 Defeasance

The Corporation has the right (the “**defeasance option**”) to be released from its obligations under this Indenture relating to the outstanding Debentures of a Series specified by the Corporation in a notice to the Trustee, and upon receipt of such notice the Trustee shall, at the request and expense of the Corporation, execute and deliver to the Corporation such deeds and other instruments as shall be necessary to release the Corporation from the terms of this Indenture relating to the Debentures of the Series specified in such notice, except those relating to the indemnification of the Trustee, subject to the following:

- (a) the Corporation shall have delivered to the Trustee evidence that the Corporation has:
 - (i) deposited sufficient funds for payment of all principal, interest and other amounts due or to become due on the Debentures of such Series to the Stated Maturity thereof;
 - (ii) deposited funds or made provision for the payment of all remuneration and expenses of the Trustee to carry out its duties under this Indenture in respect of the Debentures of such Series; and
 - (iii) deposited funds for the payment of taxes arising with respect to all deposited funds or other provision for payment in respect of the Debentures of such Series;

in each case irrevocably, pursuant to the terms of a trust agreement in form and substance satisfactory to the Corporation and the Trustee (each acting reasonably);

- (b) the Trustee shall have received an opinion or opinions of Corporation Counsel to the effect that the Holders of the Debentures of such Series will not be subject to any additional Canadian taxes as a result of the exercise by the Corporation of the defeasance option with respect to such Debentures and that such Holders will be subject to taxes, if any, including those in respect of income (including taxable capital gains), on the same amount, in the same manner and at the same time or times as would have been the case if the defeasance option had not been exercised in respect of such Debentures;
- (c) no Event of Default shall have occurred and be continuing on the date of the deposit referred to in subsection 9.5(a);
- (d) such release does not result in a breach or violation of or constitute a default under any material agreement or instrument to which the Corporation is a party or by which the Corporation is bound;
- (e) the Corporation shall have delivered to the Trustee an Officers' Certificate stating that the deposit referred to in subsection 9.5(a) was not made by the Corporation with the intent of preferring the Holders of the Debentures of such Series over the other creditors of the Corporation or with the intent of defeating, hindering, delaying or defrauding creditors of the Corporation or others; and
- (f) the Corporation shall have delivered to the Trustee an Officers' Certificate and an opinion of Corporation Counsel as required pursuant Sections 13.13 and 13.14, stating that all conditions precedent provided for or relating to the exercise of such defeasance option have been complied with.

The Corporation shall be deemed to have deposited funds pursuant to subsection 9.5(a) if it deposits or causes to be deposited with the Trustee money or Securities denominated in the currency in which principal is payable constituting direct obligations of Canada (or a Province thereof) or an agency or instrumentality of Canada, which will be sufficient, in the opinion of a firm of independent chartered accountants or an investment dealer acceptable to the Trustee, to provide for the payments described in clauses (i), (ii) and (iii) of subsection 9.5(a) above.

The Trustee shall hold in trust all money or Securities deposited with it pursuant to this Section 9.5 and shall apply the deposited money and the money derived from such Securities in accordance with this Indenture to the payment of principal of and Premium and interest on the Debentures and, as applicable, other amounts.

If the Trustee is unable to apply any money or Securities in accordance with this Section 9.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the Debentures shall be revived and reinstated as though no money or Securities had been deposited pursuant to this Section 9.5 until such time as the Trustee is permitted to apply all such money or Securities in accordance with this Section 9.5, provided that if the Corporation has made any payment in respect of principal, Premium or interest on Debentures or, as applicable, other amounts because of the reinstatement

of its obligations, the Corporation shall be subrogated to the rights of the Holders of such Debentures to receive such payment from the money or Securities held by the Trustee.

ARTICLE 10 SUCCESSORS

10.1 Requirements for Successors

So long as any Debentures are outstanding, the Corporation will not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person (any such Person being herein referred to as a “**Successor**”), whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless:

- (a) the Corporation shall be the surviving Person, or the Successor shall be a Person (other than an individual) organized and validly existing under the federal laws of Canada or any province or territory thereof;
- (b) after giving effect to such transaction, the Successor would be entitled to issue Funded Obligations in the principal amount of at least \$1.00;
- (c) the Successor shall have executed, prior to or contemporaneously with the consummation of any such transaction, a Supplemental Indenture and such other instruments as in the opinion of Corporation Counsel are necessary or advisable to evidence the assumption by the Successor of the due and punctual payment of the principal of, Premium, if any, and interest on all the Debentures and all other amounts payable hereunder and the covenant of the Successor to pay the same and its agreement to observe and perform all the covenants and obligations of the Corporation under this Indenture;
- (d) no condition or event shall exist as to the Corporation or the Successor either at the time of or immediately after the consummation of any such transaction and after giving full effect thereto or immediately after compliance by the Successor with the provisions of subsection 10.1(a) which constitutes or would constitute after the giving of notice or lapse of time, or both, an Event of Default;
- (e) such transaction is on such terms as to preserve the rights and powers of the Trustee and Debentureholders under this Indenture; and
- (f) the Corporation shall have delivered to the Trustee an opinion of Corporation Counsel and an Officers’ Certificate in each case stating that the conditions precedent in this Section 10.1 have been satisfied;

provided, however, the provisions of Section 6.9 and of this Section 10.1 shall not be applicable to any transaction between or among the Corporation and its Subsidiaries.

10.2 Vesting of Powers in Successor

Whenever the conditions of Section 10.1 have been duly observed and performed, the Successor shall possess and from time to time may exercise each and every right and power of the Corporation under this Indenture, in the name of the Corporation or otherwise, and any act or proceeding required by any provision of this Indenture to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the directors or officers of the Successor.

ARTICLE 11 MEETINGS OF DEBENTUREHOLDERS

11.1 Right to Convene Meetings

The Trustee may at any time and from time to time convene a meeting of Debentureholders, and the Trustee shall convene a meeting of Debentureholders upon receipt of a request of the Corporation or a Debentureholders' Request and upon being indemnified to its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting. If the Trustee fails within 30 days after receipt of any such request and such indemnity to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in Toronto, Ontario, or at such other place as may be approved or determined by the Trustee, the Corporation or the Debentureholders that have convened the meeting in accordance with this Section 11.1.

11.2 Notices of Meetings

Notice of a meeting of Debentureholders shall be given to the Debentureholders in the manner specified in Section 12.2 at least 25 days prior to the date of the meeting, and a copy of any notice sent by mail to Debentureholders shall be sent by mail to the Trustee (unless the meeting has been called by it) and to the Corporation (unless the meeting has been called by it). A notice of a meeting of Debentureholders shall state the time and place at which the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat, and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 11. The accidental failure to give notice of a meeting to any Debentureholder shall not invalidate any resolution passed at such meeting.

11.3 Chairman

The Debentureholders present in person or represented by proxy shall choose an individual, who need not be a Debentureholder, present to be the chairman of the meeting.

11.4 Quorum

Except as provided in this Section 11.4, the quorum for a meeting of Debentureholders shall be two or more Debentureholders present in person or represented by proxy and owning or representing at least 25% of the aggregate principal amount of the Debentures then outstanding. If a quorum is not present within 30 minutes from the time fixed for the holding of a meeting, the

meeting, if convened by the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place, to the extent possible, and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent at least 25% of the aggregate principal amount of the Debentures then outstanding.

11.5 Power to Adjourn

The chairman of a meeting at which a quorum of Debentureholders is present may, with the consent of the Holders of a majority of the aggregate principal amount of the Debentures present or represented thereat, adjourn such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

11.6 Show of Hands

Except as otherwise provided in this Indenture, every resolution submitted to a meeting shall be decided by a majority of the votes cast on a show of hands, and unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

11.7 Poll

On every resolution proposed to be passed as an Extraordinary Resolution and on any other resolution submitted to a meeting in respect of which the chairman of the meeting or one or more Debentureholders or proxyholders for Debentureholders holding at least \$10,000 principal amount of Debentures demands a poll, a poll shall be taken in such manner and either at once or after an adjournment as the chairman of the meeting shall direct.

11.8 Voting

On a show of hands, every Person who is present and entitled to vote, whether as a Debentureholder or as proxyholder for one or more Debentureholders or both, shall have one vote. On a poll, each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures held by such Debentureholder on the record date fixed for the meeting. A proxyholder need not be a Debentureholder. In the case of joint Holders of a Debenture, any one of them present in person or represented by proxy at the meeting may vote in the absence of the other or others, but if more than one of them are present in person or represented by proxy, they shall vote together in respect of the Debentures of which they are joint Holders. Subject to the provisions of Section 11.9, in the case of Debentures held by a Person other than an individual, an officer or representative of such Person may vote the Debentures held by it unless there shall be more than one officer or representative of such Person present at the meeting, and those officers or individuals present do not agree on how the

Debentures may be voted, in which case a written proxy shall be required to determine who may vote the Debentures and how such Debentures are to be voted.

In the case of a Global Debenture, the Depository may appoint or cause to be appointed a Person or Persons as proxies and shall designate the number of votes entitled to each such Person, and each such Person shall be entitled to be present at any meeting of Debentureholders, shall count for purposes of the quorum, and shall be the Persons entitled to vote at such meeting in accordance with the number of votes set out in the Depository's designation.

11.9 Regulations

The Trustee, or the Corporation with the approval of the Trustee, may from time to time make and from time to time vary such regulations as it shall from time to time think fit providing for or governing the following:

- (a) voting by proxy by Debentureholders, the form of the instrument appointing a proxyholder (which shall be in writing) and the manner in which it may be executed, and the authority to be provided by any Person signing a proxy on behalf of a Debentureholder;
- (b) the deposit of instruments appointing proxyholders at such place as the Trustee, the Corporation or the Debentureholders convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same shall be deposited; and
- (c) the deposit of instruments appointing proxyholders at an approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxyholders to be provided before the meeting to the Corporation or to the Trustee at the place at which the meeting is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Except as such regulations may provide, the only Persons who shall be recognized at a meeting as the Holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be registered Debentureholders and Persons whom registered Debentureholders have by instrument in writing duly appointed as their proxyholders.

11.10 Corporation and Trustee May Be Represented

The Corporation and the Trustee, by their respective officers, directors, representatives and employees, and the legal advisers of the Corporation and the Trustee may attend any meeting of the Debentureholders, but shall have no voting rights.

11.11 Powers Exercisable by Unanimous Consent of Debentureholders

The following powers of the Debentureholders shall be exercisable from time to time only with the consent of the holder of each outstanding Debenture of each affected Series:

- (a) reduce the principal amount at maturity of, extend the fixed maturity of, or alter the redemption provisions of such Debentures;
- (b) change the currency in which any Debentures or any Premium or accrued interest thereon is payable;
- (c) reduce the percentage in principal amount at maturity outstanding of such Debentures that must consent to an amendment, supplement or waiver or consent to take any action under the Indenture, Supplemental Indenture or such Debentures;
- (d) impair the right to institute suit for the enforcement of any payment on or with respect to such Debentures;
- (e) waive a default in payment with respect to such Debentures;
- (f) reduce the rate or extend the time for payment of interest on such Debentures;
- (g) affect the ranking of such Debentures in a manner adverse to the holder of the Debentures; or
- (h) make any changes to the Indenture, Supplemental Indenture or such Debentures that would result in the Corporation being required to make any withholding or deduction from payments made under or with respect to such Debentures.

11.12 Powers Exercisable by Debentureholders by Extraordinary Resolution

Subject to the provisions of Sections 8.4 and 11.11 of this Indenture, the following powers of the Debentureholders shall be exercisable from time to time only by Extraordinary Resolution:

- (a) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or any of them or the Trustee against the Corporation or against its property, whether such rights arise under this Indenture or the Debentures or otherwise, provided that such sanctioned actions are not prejudicial to the Trustee;
- (b) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture which shall be agreed to by the Corporation and to authorize the Trustee to concur in and execute any Supplemental Indenture embodying any modification, change, addition or omission;

- (c) power to sanction any scheme for the reconstruction or reorganization of the Corporation or for the consolidation, amalgamation or merger of the Corporation with or into any other Person or for the sale, lease, transfer or other disposition of the undertaking, property and assets of the Corporation or any part thereof, provided that no such sanction shall be necessary in respect of any transaction which is not subject to the restriction in Section 6.9 or which is subject to such restriction and is completed in compliance with the provisions of Section 10.1;
- (d) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (e) power to waive and direct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.3 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (f) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal of or interest or Premium on any Debentures or for the purpose of executing any trust or power hereunder;
- (g) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.6, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (h) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise and with holders of any shares or other Securities of the Corporation; and
- (i) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or otherwise as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee and the Trustee. Such committee shall consist of such number of individuals as shall be prescribed in the resolution appointing it and the members need not be Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall

be binding upon all Debentureholders. Neither the committee nor any member thereof nor the Trustee shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith.

Except as otherwise provided in this Indenture, all other powers of and matters to be determined by the Debentureholders may be exercised or determined from time to time by Ordinary Resolution.

11.13 Meaning of Ordinary Resolution

The expression “**Ordinary Resolution**” when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an ordinary resolution at a meeting of Debentureholders duly convened for the purpose and held in accordance with the provisions of this Article 11 at which a quorum of the Debentureholders is present and passed by the affirmative votes of Debentureholders present in person or represented by proxy at the meeting who hold more than 50% of the aggregate principal amount of the Debentures voted in respect of such resolution.

11.14 Meaning of Extraordinary Resolution

The expression “**Extraordinary Resolution**” when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an extraordinary resolution at a meeting of Debentureholders duly convened for the purpose and held in accordance with the provisions of this Article 11 at which the Holders of more than 50% of the aggregate principal amount of the Debentures then outstanding are present in person or represented by proxy and passed by the affirmative votes of Debentureholders present in person or represented by proxy at the meeting who hold not less than 66⅔% of the aggregate principal amount of the Debentures voted in respect of such resolution.

If, at any such meeting, the Holders of more than 50% of the aggregate principal amount of the Debentures then outstanding are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved, but in any other case the meeting shall stand adjourned to such date, being not less than 21 nor more than 60 days later, and to such place and time as may be appointed by the chairman of the meeting. Notice of the time and place of such adjourned meeting shall be given to the Debentureholders in the manner specified in Section 12.2 at least 10 days prior to the date of the adjourned meeting. Such notice shall state that at the adjourned meeting the Debentureholders present in person or represented by proxy shall constitute a quorum, but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Debentureholders present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened, and a resolution proposed to be passed as an extraordinary resolution at such adjourned meeting and passed by the requisite vote as provided in this Section 11.14 shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the Holders of more than 50% of the aggregate principal amount of the Debentures then outstanding are not present in person or represented by proxy at such adjourned meeting.

11.15 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Debentureholders may be exercised from time to time, and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers or combination of powers thereafter from time to time. No powers exercisable by the Debentureholders shall derogate in any way from the rights of the Corporation under or pursuant to this Indenture or any Debentures.

11.16 Minutes

Minutes of all resolutions and proceedings at every meeting of Debentureholders shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Corporation, and any such minutes, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima face evidence of the matters therein stated and, unless the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings had shall be deemed to have been duly passed and had.

11.17 Instruments in Writing

All actions which may be taken and all powers which may be exercised by the Debentureholders at a meeting held as provided in this Article 11 may also be taken and exercised by an instrument in writing signed in one or more counterparts by the Holders of more than 50%, in the case of an Ordinary Resolution, or not less than 66 $\frac{2}{3}$ %, in the case of an Extraordinary Resolution, of the aggregate principal amount of the outstanding Debentures, and the expressions "**Ordinary Resolution**" and "**Extraordinary Resolution**" when used in this Indenture shall include any instrument so signed.

11.18 Binding Effect of Resolutions

Every resolution passed in accordance with the provisions of this Article 11 at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 11.17 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (subject to the provisions for its remuneration, indemnification and protection herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

11.19 Serial Meetings

If any business to be transacted at a meeting of Debentureholders or any action to be taken or power to be exercised by instrument in writing pursuant to Section 11.17 especially affects the rights of the Holders of Debentures of one or more Series in a manner or to an extent

differing from that in which it affects the rights of the Holders of Debentures of any other Series, then

- (a) reference to such fact, indicating the Debentures of each Series so especially affected, shall be made in the notice of such meeting and the meeting shall be and is herein called a “**serial meeting**”;
- (b) the Holders of Debentures of a Series so especially affected shall not be bound by any action taken or power exercised at a serial meeting unless in addition to the other provisions of this Article 11:
 - (i) there are present in person or represented by proxy at such meeting two or more Debentureholders of such Series present in person or represented by proxy and owning or representing at least 25% (or, for the purpose of passing an Extraordinary Resolution, more than 50%) of the aggregate principal amount of the Debentures of such Series then outstanding, subject to the provisions of this Article 11 as to adjourned meetings, and
 - (ii) the resolution is passed by the favourable votes of the Holders of more than 50% (or, in the case of an Extraordinary Resolution, not less than 66⅔%) of the aggregate principal amount of Debentures of such Series voted on the resolution; and
- (c) the Holders of Debentures of a Series so especially affected shall not be bound by any action taken or power exercised by instrument in writing under Section 11.17 unless, in addition to the other provisions of this Article 11, such instrument is signed in one or more counterparts by the Holders of more than 50%, in the case of an Ordinary Resolution, or not less than 66⅔%, in the case of an Extraordinary Resolution, of the aggregate principal amount of the Debentures of such Series then outstanding.

Notwithstanding anything herein contained, any covenant or other provision contained herein which is expressed to be effective only so long as any Debentures of a particular Series remain outstanding may be modified by the required resolution or consent of the Holders of the Debentures of such Series in the same manner as if the Debentures of such Series were the only Debentures outstanding hereunder. In addition, if any business to be transacted at any meeting or any action to be taken or power to be exercised by instrument in writing does not adversely affect the rights of the Holders of Debentures of one or more particular Series, the provisions of this Article 11 shall apply as if the Debentures of such Series were not outstanding and no notice of any such meeting need be given to the Holders of Debentures of such Series.

11.20 Record Dates

If the Corporation shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other action, the Corporation may, at its option, by or pursuant to a Certified Resolution, fix in advance a record date for the determination of such Holders entitled to provide such request, demand, authorization, direction, notice, consent,

waiver or other action, but the Corporation shall have no obligation to do so. Any such record date shall be the record date specified in or pursuant to such Certified Resolution.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Debentures then outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for this purpose the Debentures then outstanding shall be computed as of such record date.

ARTICLE 12 NOTICES

12.1 Notice to the Corporation

Any notice to the Corporation under the provisions hereof shall be valid and effective if delivered to the Chief Financial Officer of the Corporation at 150 Bishop Street, Cambridge ON N1R 5X6, or if sent by facsimile transmission (with receipt confirmed) at 519.621.3530 and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Corporation may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Corporation for all purposes of this Indenture.

12.2 Notice to Debentureholders

Unless otherwise expressly provided in this Indenture, any notice to Debentureholders under the provisions hereof shall be valid and effective if in the case of holders of registered Debentures or a Global Debenture, it is delivered, sent by electronic communication or mailed postage prepaid, addressed to such Debentureholders, at their addresses or electronic communication numbers, if any, appearing in any of the registers hereinbefore mentioned and, subject as provided in this Section 12.2, shall be deemed to have been received at the time of delivery or sending by electronic communication or on the fifth Business Day after mailing. Any notice made by delivery or sent by electronic communication on a day other than a Business Day, or after 4:00 p.m. (Toronto time) on a Business Day, shall be deemed to be received on the next following Business Day. All notices to joint holders of any Debentures may be given to whichever one of the holders thereof is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of such Debenture. In the event of a postal disruption, notice to Debentureholders shall be given or sent by other appropriate means.

12.3 Notice to the Trustee

Any notice to the Trustee under the provisions hereof shall be valid and effective if delivered to an officer of the Trustee at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y2, Attention: Manager, Corporate Trust Department, or if sent by facsimile transmission (with receipt confirmed) to the Trustee, Attention: Manager, Corporate Trust Department at (416) 981-9777, shall be deemed to have been validly given at the time of delivery or

transmission if it is received prior to 4:00 p.m. on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Trustee may from time to time notify the Corporation of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Trustee for all purposes of this Indenture.

12.4 Waiver of Notice

Any notice provided for in this Indenture may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Debentureholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waivers.

ARTICLE 13 CONCERNING THE TRUSTEE

13.1 Trust Indenture Legislation

- (a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Trust Indenture Legislation, such mandatory requirement shall prevail.
- (b) Each of the Corporation and the Trustee agrees that it will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefits of Trust Indenture Legislation.

13.2 Corporate Trustee Required Eligibility

For so long as required by applicable Canadian law, there shall be a Trustee under this Indenture. The Trustee shall at all times be a corporation organized under the laws of Canada or any province thereof and authorized under such laws and the laws of the Province of Ontario to carry on trust business therein. If at any time the Trustee shall cease to be eligible in accordance with this Section 13.2, it shall resign immediately in the manner and with the effect hereinafter specified in this Article 13.

13.3 Certain Duties and Responsibilities of Trustee

In the exercise of the rights, powers and duties prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith with a view to the best interests of the Debentureholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent corporate trustee would exercise in comparable circumstances, and shall duly observe and comply with the provisions of any legislation and regulations which relate to the functions or role of the Trustee as a fiduciary hereunder, including without limitation the Trust Indenture Legislation. The duties and obligations of the Trustee shall be determined solely by the provisions hereof and, accordingly, the Trustee shall not be responsible except for the performance of such duties and obligations as they have undertaken herein.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers nor shall the Trustee be so compelled pursuant to any provisions contained in this Indenture.

The Trustee, upon the occurrence or at any time during the continuance of any act, action or proceeding, may require the Debentureholders at whose instance it is acting to deposit with it Debentures held by them, for which Debentures the Trustee shall issue receipts.

Notwithstanding any other provisions of this Indenture to the contrary, every provision of this Indenture that by its terms relieves the Trustee of liability or entitles the Trustee to rely or act upon any evidence submitted to it is subject to the provisions of applicable legislation, this Section 13.3 and Section 13.4.

No provision of this Indenture shall operate to confer any obligation, duty or power on the Trustee in any jurisdiction in which it does not have the legal capacity required to assume, hold or carry out such obligation, duty or power. For the purposes of this Section 13.3, legal capacity includes the capacity to act as a fiduciary in such jurisdiction.

13.4 No Conflict of Interest

The Trustee represents to the Corporation and the Debentureholders that to the best of its knowledge, at the date of the execution and delivery of this Indenture there exists no material conflict of interest in the Trustee's role as a fiduciary hereunder. If at any time a material conflict of interest exists in respect of the Trustee's role as a fiduciary under this Indenture that is not eliminated within 90 days after the Trustee becomes aware that such a material conflict of interest exists, the Trustee shall resign from the trusts under this Indenture by giving notice in writing of such resignation and the nature of such conflict to the Corporation and the Debentureholders at least 21 days prior to the date upon which such resignation is to take effect, and shall on such date be discharged from all further duties and liabilities hereunder. The validity and enforceability of this Indenture and any Debentures shall not be affected in any manner whatsoever by reason only of the existence of a material conflict of interest of the Trustee.

13.5 Conditions Precedent to Trustee's Obligation to Act

The Trustee shall not be bound to give any notice or take any action or proceeding unless it is required to do so under the terms of this Indenture. The Trustee shall not be required to take notice of an Event of Default under this Indenture, other than in respect of payment of any money required by any provision of this Indenture to be paid to it, unless and until the Trustee is notified in writing of such Event of Default. In the absence of such notice or knowledge, the Trustee may for all purposes of this Indenture assume that no Event of Default has occurred.

The obligation of the Trustee to commence or continue any act, action or proceeding under this Indenture shall be conditional upon its receipt of the following:

- (a) an Extraordinary Resolution, Ordinary Resolution, Debentureholders' Request, requisition in writing, or such other notice or direction as is required pursuant to

this Indenture, specifying the action or proceeding which the Trustee is requested, directed or authorized to take,

- (b) sufficient funds to commence or continue such act, action or proceeding, and
- (c) an indemnity satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges, expenses and liabilities to be incurred thereby and any loss and damages it may suffer by reason thereof.

13.6 Resignation and Removal; Appointment of Successor

- (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article 13 shall become effective until the acceptance of appointment by the successor Trustee under Section 13.7.
- (b) The Trustee may resign at any time by giving 60 days written notice thereof to the Corporation and the Debentureholders, or such shorter notice as the Corporation may accept as sufficient. If an instrument of acceptance by a successor Trustee shall not have been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction at the expense of the Corporation for the appointment of a successor Trustee.
- (c) The Trustee may be removed at any time by an Extraordinary Resolution of the Debentureholders.
- (d) If at any time:
 - (i) the Trustee shall fail to comply with the provisions of Section 13.4, or
 - (ii) the Trustee shall cease to be eligible under Section 13.2 and shall fail to resign after written request therefor by the Corporation or by any Holder who has been a *bona fide* Debentureholder for at least six months, or
 - (iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (i) the Corporation by a Certified Resolution may remove the Trustee, or (ii) subject to Section 8.7, in the case of clause (i) above, a Debentureholder and any other interested party, and in the case of clauses (ii) and (iii) above, any Debentureholder who has been a *bona fide* Holder of a Debenture for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

- (e) If the Trustee under this Indenture is no longer required by applicable Canadian law, then the Corporation by a Certified Resolution may remove the Trustee.
- (f) If the Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Trustee, the Corporation, by a Certified Resolution, shall promptly appoint a successor Trustee; provided, however, that the Corporation shall not be required to appoint a successor Trustee as Trustee if the Trustee resigns or is removed and a Trustee under this Indenture is no longer required by applicable Canadian law. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by act of the Holders of a majority in principal amount of the outstanding Debentures delivered to the Corporation and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with Section 13.7, become the successor Trustee and supersede the successor Trustee appointed by the Corporation. If no successor Trustee shall have been so appointed by the Corporation or the Holders of the Debentures and so accepted appointment, the remaining Trustee or a Debentureholder who has been a bona fide Holder for at least six months may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.
- (g) The Corporation shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Debentureholders as their names and addresses appear in the Registers. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

13.7 Acceptance of Appointment by Successor

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Corporation and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Corporation or the successor Trustee, such retiring Trustee shall, upon payment of all amounts due it under Section 6.5, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder subject to the claim provided for in Section 6.5. Upon request of any such successor Trustee, the Corporation shall execute any and all instruments for more fully and certainly vesting in and conforming to such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article 13.

13.8 Trustee May Deal in Debentures

The Trustee may buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

13.9 No Person Dealing with Trustee Need Inquire

No Person dealing with the Trustee shall be required to inquire as to whether the powers that the Trustee is purporting to exercise have become exercisable, or whether any amount remains due upon the Debentures or to see to the application of any amount paid to the Trustee.

13.10 Investment of Money Held by Trustee

Unless otherwise provided in this Indenture, any funds held by the Trustee under the trusts of this Indenture shall be deposited in a trust account in the name of the Trustee (which may be held with the Trustee or Affiliates of the Trustee), which accounts shall be interest-bearing unless otherwise agreed by the Corporation at the then current rate of interest being paid by the Trustee on similar deposits. Upon the written direction of the Corporation until acceleration and thereafter of the Debentureholders pursuant to a Debentureholders' Request, the Trustee shall invest such funds in Authorized Investments in its name and in accordance with such direction. Any direction by the Corporation to the Trustee as to the investment of funds shall be in writing and shall be provided to the Trustee not later than 9:00 a.m. on the Business Day on which the investment is to be made. Any such written direction of the Corporation received by the Trustee after 9:00 a.m. or received on a day which is not a Business Day shall be deemed to have been given prior to 9:00 a.m. on the next Business Day.

All interest or other income, if any, received by the Trustee in respect of any investment or deposit made pursuant to the provisions of this Section 13.10 shall belong to the Corporation, (and any bank charges, similar fees as well as losses, if any on such investment shall be debited to such account), and unless and until the Trustee shall have declared the principal of and Premium and interest on the Debentures to be due and payable, the Trustee shall pay over to the Corporation all such interest and other income forthwith upon receipt thereof by the Trustee. The Trustee shall be accountable only for reasonable diligence in the investment of moneys under this Section 13.10 and the Trustee shall not be liable for any loss or losses realized on such investments, gross negligence, wilful misconduct or fraud only excepted.

13.11 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of this Indenture.

13.12 Trustee Not Required to Possess Debentures

All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on any trial or other proceedings relative thereto.

13.13 Evidence of Compliance

The Corporation shall furnish to the Trustee forthwith evidence of compliance with the conditions specified in this Indenture relating to the issue, certification, authentication and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture or the taking of any other action to be taken by the Trustee at the request of or on the application of the Corporation. Such evidence shall consist of:

- (a) an Officers' Certificate stating that such conditions have been complied with in accordance with the terms of this Indenture; and
- (b) in the case of conditions, compliance with which are by this Indenture subject to review or examination by Corporation Counsel, an opinion of Corporation Counsel that such conditions have been complied with in accordance with the terms of this Indenture, including any statements required by the applicable laws.

13.14 Form of Evidence

Evidence furnished to the Trustee which relates to a matter other than the issue, certification and delivery of Debentures or the satisfaction and discharge of this Indenture may consist of or otherwise be in accordance with a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by such Person, but if such report or opinion is furnished by a director, officer or employee of the Corporation it shall be in the form of a statutory declaration or a certificate.

Evidence furnished to the Trustee pursuant to Section 13.13 or this Section 13.14 shall include:

- (a) a statement by the Person giving the evidence declaring that such Person has read and understands the provisions hereof relating to the conditions precedent with respect to compliance with which such evidence is being given;
- (b) a statement describing the nature and scope of the examination or investigation upon which the statements or opinions contained in the evidence are based; and
- (c) a statement declaring that, in the belief of the Person giving the evidence, such Person has made such examination or investigation as is necessary to enable such Person to make the statements or give the opinions contained or expressed therein.

13.15 Certain Rights of Trustee

Subject to the provisions of Section 13.3:

- (a) the Trustee may conclusively act and rely as to the truth of the statements and correctness of the opinions expressed in, shall not be bound to make any investigation into the facts or matters of, and shall be fully protected in acting or relying or refraining from acting upon, any resolution, certificate, statement,

statutory declaration, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

- (b) any request or direction of the Corporation shall be sufficiently evidenced by a request of the Corporation or order of the Corporation and any resolution of the Directors shall be sufficiently evidenced by a Certified Resolution;
- (c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, rely and act upon a Certificate of the Corporation;
- (d) the Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The reasonable fees and expenses of such counsel or other experts and advisers shall be part of the Trustee's fees hereunder;
- (e) the Trustee may pay remuneration for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney;
- (f) the Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser, whether retained or employed by the Corporation, Debentureholders or the Trustee, in relation to any matter arising in the performance of its duties under this Indenture; and
- (g) the Trustee shall not be under any obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Debentureholders pursuant to this Indenture unless such Debentureholders shall have offered to the Trustee funding and indemnification satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, and provisions of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this subsection 13.15(g).

13.16 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or with which it may be amalgamated or consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this

Article 13, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

13.17 Action by Trustee to Protect Interests

The Trustee shall have power to institute and maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Debentureholders.

13.18 Protection of Trustee

The Corporation hereby indemnifies and saves harmless the Trustee and its directors, officers, representatives, agents and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages, taxes (other than Trustee's own corporate income or capital taxes), penalties and liabilities whatsoever brought against or incurred by the Trustee which it may suffer or incur as a result of or arising in connection with the performance of its duties and obligations under this Indenture, including any and all legal fees and disbursements of whatever kind or nature, except only in the event of the gross negligence, wilful misconduct or fraud of the Trustee. This indemnity shall survive the removal or resignation of the Trustee under this Indenture and the termination of this Indenture.

The Trustee shall not be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted excepting only its own gross negligence, wilful misconduct, breach of fiduciary duty or fraud.

The Trustee shall not be liable for or by reason of any statements of fact in this Indenture or in the Debentures (except for the representations contained in Sections 13.4 and 13.19 and in the certificate of the Trustee on the Debentures) or required to verify such statements, and all such statements are and shall be deemed to be made by the Corporation.

The Trustee shall not be bound to give notice to any Person of the execution of this Indenture.

The Trustee shall not incur any liability or responsibility whatsoever or in any way be responsible for the consequence of any breach on the part of the Corporation of any of the covenants contained in this Indenture or in any Debentures or of any acts of the agents or employees of the Corporation.

Neither the Trustee nor any Affiliate of the Trustee shall be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

Nothing in this Indenture shall impose on the Trustee any obligation to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental to this Indenture in any jurisdiction.

The Trustee shall not:

- (a) be responsible or liable for any debts contracted by it, for damages to Persons or property, for salaries, or for nonfulfillment of contracts in any period during which the Trustee is managing or in possession of assets of the Corporation;
- (b) be liable to account as mortgagee in possession or for anything other than actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable;
- (c) be bound to do, observe or perform or to see to the observance of performance by the Corporation of any obligations or covenants imposed upon the Corporation; or
- (d) in the case of any chattel paper, security or instrument, be obligated to preserve rights against any other Persons,

and the Corporation waives any provision of applicable law permitted to be waived by it which imposes higher or greater obligations upon the Trustee.

The Trustee shall not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any security deposited with it.

The Trustee shall incur no liability with respect to the delivery or non-delivery of any certificate or certificates whether delivered by hand, mail or any other means.

The Trustee shall not be responsible for ensuring that the proceeds from the sale of Debentures are used in a manner contemplated by any prospectus pursuant to which such Debentures were offered or sold.

The Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of the Trustee upon the advice of Trustee Counsel, it is required to disclose under any applicable laws, court order or administrative directions. The Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Trustee shall not be liable under any circumstances whatsoever for any special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages of any person.

13.19 Authority to Carry on Business

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in each of the provinces of Canada. If the Trustee ceases to be authorized to carry on such business in any province of Canada, the validity and enforceability of this Indenture and the Debentures issued under this Indenture shall not be affected in any manner whatsoever by reason only of such event, but within 90 days after ceasing to be authorized to carry on the business of a trust company in any province of Canada the Trustee either shall become so authorized or shall resign in the manner and with the effect specified in Section 13.6.

13.20 Trustee Not Liable in Respect of Depository

The Trustee shall not have any liability whatsoever for:

- (a) any aspect of the records relating to or payments made on account of beneficial ownership interests in the Debentures held by and registered in the name of a Depository;
- (b) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or
- (c) any advice or representation made or given by or with respect to a Depository and made or given herein with respect to rules of such Depository or any action to be taken by a Depository or at the direction of a participant of a Depository.

13.21 Global Debentures

Debentures issued to a Depository in the form of a Global Debenture shall be subject to the following:

- (a) the Trustee may deal with such Depository as the authorized representative of the beneficial owners of such Debentures;
- (b) the rights of the beneficial owners of such Debentures shall be exercised only through such Depository and shall be limited to those established by law and by agreement between the beneficial owners of such Debentures and such Depository or direct participants of such Depository;
- (c) such Depository will make book-entry transfers among the direct participants of such Depository and will receive and transmit distributions of principal, Premium and interest on the Debentures to such direct participants; and
- (d) the direct participants of such Depository shall have no rights under this Indenture or under or with respect to any of the Debentures held on their behalf by such Depository, and such Depository may be treated by the Trustee and its agents, employees, representatives, officers and directors as the absolute owner of the Debentures represented by such Global Debenture for all purposes whatsoever.

13.22 Trustee Appointed Attorney

The Corporation hereby irrevocably appoints the Trustee to be the attorney of the Corporation during the continuance of an Event of Default in the name and on behalf of the Corporation to execute any documents and to do any acts and things which the Corporation ought to execute and do, and has not executed or done, under the covenants and provisions contained in this Indenture and generally to use the name of the Corporation in the exercise of all or any of the powers hereby conferred on the Trustee, with full powers of substitution and revocation.

13.23 Acceptance of Trusts

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions set forth in this Indenture and in trust for the Debentureholders from time to time, subject to the terms and conditions of this Indenture.

13.24 No Liability for Certain Deposited Monies

The Trustee will bear no liability for monies deposited other than with the Trustee. The Trustee will disburse monies according to this Indenture only to the extent that monies have been deposited with it.

13.25 Privacy Laws

The Parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Indenture. Despite any other provision of this Indenture, neither Party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the Parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy compliant or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

13.26 Anti-Money Laundering and Anti-Terrorism Legislation Compliance

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 Business Days written notice to the Corporation, provided that (i) the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Trustee's satisfaction within such 10 Business Day period, then such resignation shall not be effective.

13.27 Third Party Interests

The Corporation hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of the Corporation, is not intended to be used by or on behalf of any third party.

13.28 Force Majeure

Except for the payment obligations of the Corporation contained herein, neither Party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of an act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 13.28.

13.29 Trial by Jury

The parties to this Trust Indenture hereby waive any right to trial by jury to the extent permitted by applicable laws.

ARTICLE 14 SUPPLEMENTAL INDENTURES

14.1 Supplemental Indentures

From time to time the Trustee and, when authorized by a Certified Resolution, the Corporation may, without the consent of any Debentureholder, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers Supplemental Indentures, which thereafter shall form part of this Indenture, for any one or more of the following purposes:

- (a) adding limitations or restrictions to be observed upon the amount or issue of Debentures hereunder, provided that such limitations or restrictions shall not be materially adverse to the interests of the Debentureholders;
- (b) adding to the covenants of the Corporation herein contained for the protection of the Debentureholders or providing for Events of Default in addition to those herein specified;
- (c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which it may be expedient to make, provided that such provisions and modifications will not adversely affect the interests of the Debentureholders;

- (d) providing for the issue, as permitted hereby, of Debentures of any one or more Series;
- (e) evidencing the succession, or successive successions, of successors to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture; and
- (f) giving effect to any Extraordinary Resolution or Ordinary Resolution.

The Trustee may also, without the consent or concurrence of the Debentureholders, by Supplemental Indenture or otherwise, concur with the Corporation in making any changes or corrections in this Indenture which it shall have been advised by Corporation Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or clerical omission or mistake or manifest error contained herein or in any Supplemental Indenture, provided that the rights of the Debentureholders are in no way adversely affected thereby.

14.2 Effect of Supplemental Indentures

Upon the execution of any Supplemental Indenture, this Indenture shall be modified in accordance therewith, such Supplemental Indenture shall form a part of this Indenture for all purposes, and every Holder of Debentures shall be bound thereby. Any Supplemental Indenture may contain terms which add to, modify or negate any of the terms contained in this Indenture, and to the extent that there is any difference between the terms of this Indenture and the terms contained in a Supplemental Indenture, the terms contained in the Supplemental Indenture shall be applicable to the Debentures to which such Supplemental Indenture relates and the corresponding terms contained in this Indenture shall not be applicable unless otherwise indicated in such Supplemental Indenture.

14.3 Execution of Supplemental Indentures

In executing or accepting the additional trusts created by any Supplemental Indenture permitted by this Indenture or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Corporation Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

14.4 Reference in Securities to Supplemental Indentures

Securities of any Series certified and delivered after the execution of any Supplemental Indenture pursuant to this Article 14 may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture.

ARTICLE 15
EVIDENCE OF RIGHTS OF DEBENTUREHOLDERS

15.1 Evidence of Rights of Debentureholders

Any instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Debentureholders in person or by attorney duly appointed in writing.

Proof of the execution of any such instrument, or of a writing appointing any such attorney or of the holding by any Person of Debentures shall be sufficient for any purpose of this Indenture if the fact and date of the execution by any Person of such instrument or writing are proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded at the place at which such certificate is made that the Person signing such request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, or in any other manner which the Trustee may consider adequate.

The Trustee may, nevertheless, in its discretion, require further proof when it deems further proof desirable or may accept such other proof as it shall consider proper.

The ownership of Debentures shall be proved by the Registers as herein provided.

ARTICLE 16
EXECUTION AND FORMAL DATE

16.1 Counterpart Execution

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.


16.2 Formal Date


For the purpose of convenience, this Indenture may be referred to as bearing the formal date of January 28, 2015, irrespective of the actual date of execution hereof.

- SIGNATURE PAGE IMMEDIATELY FOLLOWS -

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.


**CAMBRIDGE AND NORTH DUMFRIES
HYDRO INC.**

By: 
Name: Ian Miles
Title: President and Chief Executive Officer

By: 
Name: Sarah Hughes
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF
CANADA as Trustee**

By: 
Name: Daniel Marz
Title: Corporate Trust Officer

By: 
Name: Raji Sivalingam
Title: Associate Trust Officer

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**APPENDIX 5-3 - DEBT INSTRUMENT – CORPORATION OF TOWNSHIP OF NORTH
DUMFRIES**

Corporation of Township of North Dumfries
Dated June 30, 2006

PROMISSORY NOTE

This Promissory Note replaces the Promissory Note between Cambridge and North Dumfries Hydro Inc. and The Corporation of the Township of North Dumfries, dated as of 1st day of January 2004.

FOR VALUE RECEIVED, Cambridge and North Dumfries Hydro Inc. ("WiresCo.") hereby promises to pay to or to the order of The Corporation of the Township of North Dumfries (the "Township") the Principal sum of \$3,019,708.38 (the "Principal") with interest at the rate specified herein.

Repayment on Demand

The Township may demand repayment of all or part of the outstanding Principal with interest at the Established Rate upon two (2) months' written notice of demand to WiresCo.

Interest

The outstanding Principal shall bear interest at the Established Rate, such interest to be calculated and paid quarterly, not in advance.

Interest at the Established Rate shall accrue from July 1, 2006 until the Principal is paid in full, with interest on overdue interest at the Established Rate.

The Established Rate is 4.993%.

This Promissory Note is not assignable by the Township without the consent of WiresCo., such consent not to be unreasonably withheld.

DATED as of the 30th day of June, 2006.

**CAMBRIDGE AND NORTH DUMFRIES
HYDRO INC.**

Per:



Authorized Signing Officer



Authorized Signing Officer

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APPENDIX 5-4 - APPENDIX 2-OA – CAPITAL STRUCTURE AND COST OF CAPITAL

File Number: EB-2018-0028
 Exhibit: 1
 Tab:
 Schedule:
 Page:
 Date: 27-Apr-18

Appendix 2-OA Capital Structure and Cost of Capital

This table must be completed for the last Board-approved year and the test year.

Line No.	Particulars	Year: 2014		Cost Rate	Return
		Energy+ Inc. - 2014 Board Approved Proxy			
		Capitalization Ratio (%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$85,576,441	5.01%	\$4,283,464
2	Short-term Debt	4.00% (1)	\$6,112,603	2.16%	\$131,897
3	Total Debt	60.0%	\$91,689,044	4.82%	\$4,415,361
Equity					
4	Common Equity	40.00%	\$61,126,030	9.39%	\$5,739,762
5	Preferred Shares	0.00%	\$ -		\$ -
6	Total Equity	40.0%	\$61,126,030	9.39%	\$5,739,762
7	Total	100.0%	\$152,815,074	6.65%	\$10,155,123

Notes

(1)

4.0% unless an applicant has proposed or been approved for a different amount.

(2)

2014 Board Approved Proxy has been computed based on (i) Former CND 2014 Board Approved plus (ii) Former BCP 2011 Board Approved, adjusted for IRM factor between 2011-2014 on OM&A and Cost of Power. Average Fixed Assets based on 2011 Board Approved.

File Number: EB-2018-0028
 Exhibit: 1
 Tab:
 Schedule:
 Page:
 Date: 27-Apr-18

Appendix 2-OA Capital Structure and Cost of Capital

This table must be completed for the last Board-approved year and the test year.

Year: 2019

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$95,867,182	4.37%	\$4,187,687
2	Short-term Debt	4.00% (1)	\$6,847,656	2.29% (2)	\$156,811
3	Total Debt	60.0%	\$102,714,838	4.23%	\$4,344,498
	Equity				
4	Common Equity	40.00%	\$68,476,559	9.00% (2)	\$6,162,890
5	Preferred Shares	0.00%	\$ -		\$ -
6	Total Equity	40.0%	\$68,476,559	9.00%	\$6,162,890
7	Total	100.0%	\$171,191,397	6.14%	\$10,507,388

Notes

(1)

4.0% unless an applicant has proposed or been approved for a different amount.

(2)

Based on 2018 Cost of Capital Parameters - to be updated once final 2019 Cost of Capital Parameters determined

File Number: EB-2018-0028
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Appendix 2-OA Capital Structure and Cost of Capital

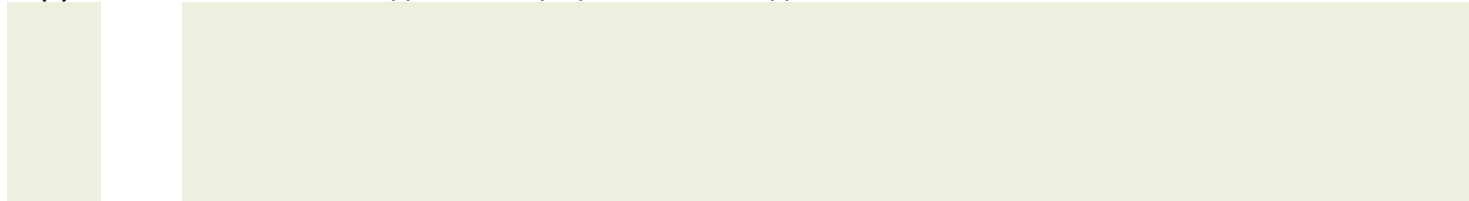
This table must be completed for the last Board-approved year and the test year.

Year: 2014 Energy+ (CND) - Former CND Only

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$73,840,714	4.96%	\$3,659,307
2	Short-term Debt	4.00% (1)	\$5,274,337	2.11%	\$111,289
3	Total Debt	60.0%	\$79,115,051	4.77%	\$3,770,596
Equity					
4	Common Equity	40.00%	\$52,743,367	9.36%	\$4,936,779
5	Preferred Shares	0.00%	\$ -		\$ -
6	Total Equity	40.0%	\$52,743,367	9.36%	\$4,936,779
7	Total	100.0%	\$131,858,418	6.60%	\$8,707,375

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.



File Number: EB-2018-0028
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Appendix 2-OA Capital Structure and Cost of Capital

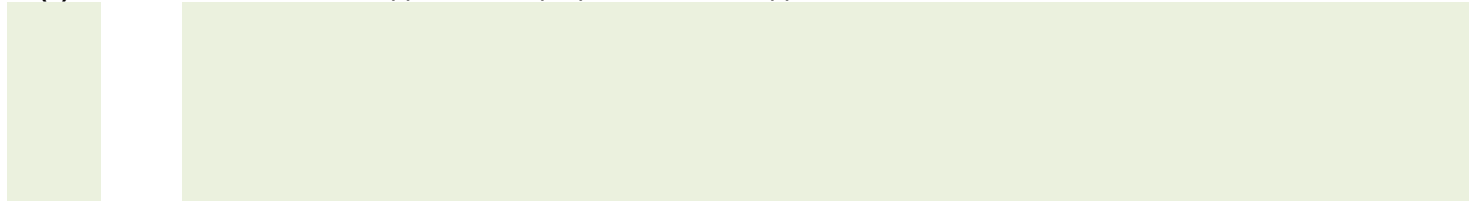
This table must be completed for the last Board-approved year and the test year.

Year: 2011 Energy+ (Former BCP Only)

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$11,676,403	5.32%	\$621,185
2	Short-term Debt	4.00% (1)	\$834,029	2.46%	\$20,517
3	Total Debt	60.0%	\$12,510,432	5.13%	\$641,702
	Equity				
4	Common Equity	40.00%	\$8,340,288	9.58%	\$799,000
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$8,340,288	9.58%	\$799,000
7	Total	100.0%	\$20,850,720	6.91%	\$1,440,701

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.



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APPENDIX 5-5 - APPENDIX 2-OB – DEBT INSTRUMENTS

FORMER BCP - 2011 ACTUAL; 2014 – 2015 ACTUAL

FORMER CND –2014 – 2015 ACTUAL

ENERGY+ - YEARS 2016 to 2018

File Number:
 Exhibit:
 Tab:
 Schedule:
 Page:
 Date:

**Appendix 2-OB
 Debt Instruments**

This table must be completed for all required historical years, the bridge year and the test year.

Year 2012 2011 for Former Brant County Power Inc.

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Committed revolving credit facility	Toronto Dominion Bank	Third-Party	Variable Rate	Nov. 23, 2011	1.3	\$ 7,000,000	Prime/BA Rates	\$ 382,937	
2									\$ -	
3									\$ -	
4									\$ -	
5									\$ -	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 7,000,000	5.47%	\$ 382,937	

Notes

- 1 If financing is in place only part of the year, separately calculate the pro-rated interest in the year and input in the cell.
- 2 Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009, or with any subsequent update
- 3 Add more lines above row 12 if necessary.

File Number: EB-2018-0028
 Exhibit: 1
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 Date: 27-Apr-18

**Appendix 2-OB
 Debt Instruments**

This table must be completed for all required historical years, the bridge year and the test year.

Year Former Brant County Power Inc.

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	Committed revolving credit facility	Toronto Dominion Bank	Third-Party	Variable Rate	12-Feb-13	10 Years	\$ 8,000,000	1.93%	\$ 154,000	Term loan in form of Bankers Acceptance. Loan was ultimately repaid on January 28, 2015.
2									\$ -	
3									\$ -	
4									\$ -	
5									\$ -	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 8,000,000	1.93%	\$ 154,000	

Notes

- 1 If financing is in place only part of the year, separately calculate the pro-rated interest in the year and input in the cell.
- 2 Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009, or with any subsequent update issued by the Board.
- 3 Add more lines above row 12 if necessary.

File Number: EB-2018-0028
 Exhibit: 1
 Tab:
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 Page:
 Date: 27-Apr-18

**Appendix 2-OB
 Debt Instruments**

This table must be completed for all required historical years, the bridge year and the test year.

Year 2015 Former Brant County Power Inc.

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	3.965% unsecured promissory note	Former Cambridge and North Dumfries Hydro Inc.	Affiliated	Fixed Rate	28-Jan-15	< 1 Yr.	\$ 8,000,000	3.97%	\$ 317,200	Replaced short-term facility with external third party. This intercompany loan was terminated upon legal amalgamation January 1, 2016.
2	Revolving promissory note	Former Cambridge and North Dumfries Hydro Inc.	Affiliated	Variable Rate	28-Jan-15	On Demand	\$ 1,655,000	Prime	\$ 38,800	Included prudential support to the IESO in the amount of \$1,219,297. The prudential support obligation was eliminated in January 2016, subsequent to the legal amalgamation.
3	Committed revolving credit facility	Toronto Dominion Bank	Third-Party	Variable Rate	22-Dec-14	< 1 Month	\$ 8,000,000	3.00%	\$ 17,000	Term loan in form of Bankers Acceptance was repaid on January 28, 2015.
4									\$ -	
5									\$ -	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 17,655,000	2.11%	\$ 373,000	

Notes

- 1 If financing is in place only part of the year, separately calculate the pro-rated interest in the year and input in the cell.
- 2 Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009, or with any subsequent update issued by the Board.
- 3 Add more lines above row 12 if necessary.

File Number: EB-2018-0028
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**Appendix 2-OB
 Debt Instruments**

This table must be completed for all required historical years, the bridge year and the test year.

Year Former Cambridge and North Dumfries Hydro Inc.

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	4.99% Promissory Note	Township of North Dumfries	Affiliated	Fixed Rate	30-Jun-06	On Demand	\$ 3,019,703	4.88%	\$ 147,362	Deemed rate as approved in former CND 2014 Cost of Service Application.
2	Promissory Note	Sun Life Assurance Company of Canada	Third-Party	Fixed Rate	25-Nov-05	15	\$ 35,000,000	4.96%	\$ 1,736,772	
3	Private Placement - Series A Senior Unsecured Debentures	Private Placement	Third-Party	Fixed Rate	28-Jan-15	30	\$ 50,000,000	3.97%	\$ 1,966,205	Interest from Jan. 29, 2015 to Dec. 31, 2015.
4									\$ -	
5									\$ -	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
	Total						\$ 88,019,703	4.37%	\$ 3,850,339	

Notes

- 1 If financing is in place only part of the year, separately calculate the pro-rated interest in the year and input in the cell.
- 2 Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009, or with any subsequent update issued by the Board.
- 3 Add more lines above row 12 if necessary.

File Number: EB-2018-0028
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**Appendix 2-OB
 Debt Instruments**

This table must be completed for all required historical years, the bridge year and the test year.

Year 2016 Energy+ Inc.

Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal (\$)	Rate (%) ²	Interest (\$) ¹	Additional Comments, if any
1	4.99% Promissory Note	Township of North Dumfries	Affiliated	Fixed Rate	30-Jun-06	On Demand	\$ 3,019,703	4.88%	\$ 147,362	Deemed rate as approved in former CND 2014 Cost of Service Application.
2	Promissory Note	Sun Life Assurance Company of Canada	Third-Party	Fixed Rate	25-Nov-05	15	\$ 35,000,000	4.96%	\$ 1,736,772	
3	Private Placement - Series A Senior Unsecured Debentures	Private Placement	Third-Party	Fixed Rate	28-Jan-15	30	\$ 50,000,000	3.97%	\$ 1,982,500	
4									\$ -	
5									\$ -	
6									\$ -	
7									\$ -	
8									\$ -	
9									\$ -	
10									\$ -	
11									\$ -	
12									\$ -	
Total							\$ 88,019,703	4.39%	\$ 3,866,634	

Notes

- 1 If financing is in place only part of the year, separately calculate the pro-rated interest in the year and input in the cell.
- 2 Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009, or with any subsequent update issued by the Board.
- 3 Add more lines above row 12 if necessary.

