

**The Deed of Trust and Mortgage Securing First Mortgage Bonds
September 15, 1966**

DEED OF TRUST AND MORTGAGE

By

Newfoundland Light & Power Co. Limited

In favour of

Montreal Trust Company

SECURING FIRST MORTGAGE BONDS

Bearing formal date of September 15, 1966

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THIS INDENTURE made as of the fifteenth day of September, One thousand nine hundred and sixty-six.

BETWEEN:

NEWFOUNDLAND LIGHT & POWER CO. LIMITED,
a body corporate, organized and existing under The Companies Act of the Province of Newfoundland, and having its registered office and principal place of business in the City of St. John's in the said Province,

OF THE FIRST PART,

AND

MONTREAL TRUST COMPANY, a body corporate, organized and existing under the laws of the Province of Quebec and having its head office at Montreal in the said Province and having an office at St. John's aforesaid and being duly authorized to carry on business in the Province of Newfoundland,

OF THE SECOND PART.

WHEREAS the Party of the First Part, being the Company (as hereinafter defined) is duly incorporated under The Companies Act, being Chapter 168 of The Revised Statutes of Newfoundland, 1962, pursuant to the sanction by the Supreme Court of Newfoundland of an amalgamation agreement between the Predecessor Companies (as hereinafter defined); and

WHEREAS the sanction of the amalgamation agreement by or on behalf of the holders of the first mortgage bonds and other senior securities of each of the Predecessor Companies has been duly obtained as prescribed by the various trust deeds or other instruments securing the same or as prescribed by law, to permit the exchange of the first mortgage bonds or other senior securities of the Predecessor Companies for Bonds of the Company to be created, issued and secured hereunder having like characteristics and attributes, which Bonds shall constitute the Initial Bonds hereunder; and

WHEREAS to give effect thereto the Company desires to create and issue its Bonds designated its Initial Bonds (as hereinafter defined) to be secured in the manner hereinafter appearing; and

WHEREAS the Company further desires and will desire from time to time to raise money for its corporate purposes by the creation and issue of Additional Bonds (as hereinafter defined) to be secured *pari passu* with the Initial Bonds on the basis *inter alia*, of Additional Property (as hereinafter defined); and

WHEREAS under the various trust deeds or other instruments securing the first mortgage bonds or other senior securities of the Predecessor Companies, there was available immediately prior to the formal date (as hereinafter defined) and there now is available as a basis for the issue of further first mortgage bonds or other senior securities the aggregate amount of Twenty-eight million, one hundred and twenty-seven thousand dollars (\$28,127,000) of additional property (or similar expression, as defined, in the case of each such Predecessor Company, in its appropriate trust deed or other instrument), which amount of additional property qualifies at the date hereof as Additional Property under this Deed; and

WHEREAS all things necessary have been done to make the Bonds, when certified by the Trustee and issued as in this Deed provided, valid, binding and legal obligations of the Company and to constitute this Deed a valid security for the payment of the principal of and interest and premium (if any) on all Bonds issued hereunder; and

WHEREAS the foregoing representations are made by the Company and not by the Trustee;

NOW THEREFORE THIS INDENTURE WITNESSETH:

ARTICLE I

INTERPRETATION

1.1. Definitions. The following words and phrases, wherever used in this Deed, shall, unless there be something in the context inconsistent therewith, have the following meanings:

"Additional Bonds" or "Additional First Mortgage Bonds" means Bonds in addition to the Initial Bonds in the aggregate principal amount of \$20,847,430 Can. and \$2,500,000 U.S. and may include Bonds of any one or

more series included in the Initial Bonds (provided that such series is not limited to the aggregate principal amount created and issued in the first instance) and Bonds of one or more other series.

"Additional Property" means real estate, dams, power houses, generating stations, buildings, machinery, plant and equipment, transmission lines, distribution, service and supply systems, pipe lines, pole lines, paving, roads, reservoirs, canals, works, structures, and water works and other property of a permanent nature, and permanent improvements, extensions and additions thereto, acquired or constructed by the Company after the Formal Date or, if in process of construction or erection by the Company, so far as actually constructed or erected subsequent to such date; provided, however, that such property be useful in, adapted to or available for or in connection with any business which the Company is at the time of the issue of Additional Bonds hereunder authorized to carry on.

Additional Property shall include (a) transmission lines and distribution, service and supply systems acquired or constructed by the Company subsequent to the Formal Date and erected or constructed on lands or premises held or occupied by the Company under or pursuant to lease, easement, licence or permit or statutory or other right irrespective of the duration thereof and (b) property of the character described in the immediately preceding paragraph (other than transmission lines and distribution, service and supply systems) acquired or constructed by the Company subsequent to the Formal Date and made, erected or constructed on lands or premises held by the Company under lease, licence or franchise, provided (i) that compensation is provided for at the termination thereof by the terms of either such lease, licence or franchise or any agreement ancillary thereto or by the laws or regulations under which the same is issued, or (ii) that such lease, licence or franchise will by the terms thereof terminate not earlier than the date of maturity of any Additional Bonds to be issued on the basis of such property and whenever the Company is entitled to one or more renewals of any such lease, licence or franchise either by the express provisions thereof or by reason of custom, then for the purpose hereof such lease, licence or franchise shall not be deemed to terminate until the expiry of the last permissible renewal.

Additional Property shall also include the property of the Company having substantially the characteristics described in the first and second paragraphs of this definition but acquired by the Predecessor Companies prior to the Formal Date and not used by any such Predecessor Company as a basis

for the issue of any first mortgage bonds or other senior Funded Obligations of such Predecessor Company. On the Formal Date such Additional Property had a Fair Value of Twenty-eight million, one hundred and twenty-seven thousand dollars (\$28,127,000).

Additional Property shall also include the property of any Subsidiary having the same characteristics as Additional Property of the Company and which has been charged with a first fixed and specific mortgage and charge and a floating charge in favour of a Canadian corporate trustee under a trust instrument securing first mortgage bonds issued solely to the Company and delivered and pledged by the Company to the Trustee under this Trust Deed as part of the Specifically Mortgaged Premises hereunder and which trust instrument is, in the opinion of counsel, sufficient in form and substance to charge the property charged thereunder as security for the benefit of the holders of such bonds and to render such security exigible for substantially the same causes, substantially in the same manner and substantially under the same conditions as the security so charged under this Deed.

Additional Property shall not include (a) maintenance or repairs to properties, the expense or cost of which is not properly chargeable to capital account and (b) except as hereinafter provided, renewals, replacements or substitutions. Renewals, replacements or substitutions may be included as Additional Property if and to the extent that the appraised value (after such renewal, replacement or substitution) of the property renewed, replaced or substituted or (in case such renewal, replacement or substitution is capable of valuation as a separate unit) the appraised value or the actual cost, whichever is less, of such renewal, replacement or substitution exceeds the appraised replacement value (before such renewal, replacement or substitution) of the property renewed, replaced or substituted, less proper depreciation; and the amount of such excess shall be determined by an appraiser (who may be an engineer or other competent person in the employ of the Company) appointed by the Company and approved by the Trustee.

Additional Property which shall have been used as the basis for the issue of Additional Bonds or as the basis for release of any property or the withdrawal of any moneys from the Trustee under any provisions of this Deed, or which shall have been purchased or acquired with any insurance money or the proceeds of any property released by the Trustee hereunder shall not again be used for any of such purposes.

"Auditors" means an independent firm of accountants duly appointed as auditors of the Company.

"Bond", "Bonds" or "First Mortgage Bonds" means any Bond or all the Bonds of the Company, as the case may be, issued and certified hereunder and entitled to the benefit of the security hereof and for the time being outstanding.

"Bondholders" means, as regards Registered Bonds, the several persons for the time being entered in the registers hereinafter mentioned as the holders of outstanding Bonds and, as regards unregistered Bonds, the bearers thereof for the time being.

"Bondholders' Instrument" means a writing signed in one or more counterparts by the holder or holders of not less than Twenty-five per cent (25%) in principal amount of the Bonds for the time being outstanding, requesting or directing the Trustee to do or take some act, action or proceeding specified therein.

"Certified Resolution" means a copy of a resolution certified by the Secretary or an Assistant-Secretary or other officer of the Company, under its corporate seal, to have been duly adopted by the Directors of the Company.

"Company" means the Party of the First Part and any successor company which shall have complied with the provisions of Article 15 hereof.

"Company's Bankers" means the bank or bankers of the Company from time to time and the successors and assigns of such bank or bankers and where a reference to a bank relates to a place of payment, such term shall also include any paying agent named under the provisions of Section 2.31. hereof.

"Counsel" means counsel (who may be of counsel to the Company) appointed by the Company and acceptable to the Trustee and also means counsel for the Trustee where the context so indicates.

"Coupon Bonds" means Bonds which are issued with interest coupons attached and "Coupons" means the interest coupons attached to such Bonds.

"Directors" means the Board of Directors of the Company for the time being and reference without more to action by the Directors shall mean action by the Directors as a Board or by any authorized committee thereof.

"Dollars" without more means Canadian dollars, being the coin or currency that is legal tender for the payment of public and private debts in Canada at the date hereof.

"Earnings Period" means, at the option of the Company (a) the last completed fiscal year of the Company; or (b) a period of any twelve (12) consecutive calendar months terminating within the twenty-four (24) calendar months next preceding the certification and delivery of such Additional Bonds, except that (i) if such period of twelve (12) consecutive calendar months selected by the Company in part antedates the Formal Date, any portion of the earnings period applicable to any of the Predecessor Companies need not immediately precede any portion of the earnings period subsequent to the Formal Date provided the portion of the earnings period applicable to such Predecessor Company terminates within the twelve (12) calendar months immediately preceding the Formal Date, (ii) if such entire period of twelve (12) consecutive calendar months selected by the Company terminates prior to the Formal Date, the earnings period applicable to each Predecessor Company need not be concurrent with the earnings period applicable to the other Predecessor Companies provided all such earnings periods terminate within the twelve (12) calendar months immediately preceding the Formal Date, and (iii) if such period of twelve (12) consecutive calendar months selected by the Company in part antedates the Formal Date, the exceptions contained in (i) and (ii) hereof may be combined provided the number of calendar months of such period subsequent to the Formal Date plus the number of calendar months for each respective Predecessor Company prior to the Formal Date shall in no event exceed twelve (12).

"Extraordinary Resolution" means a resolution adopted at a meeting of the Bondholders duly convened and held in accordance with the provisions of Article 23 hereof, upon a poll by the affirmative vote of not less than Seventy-five per cent (75%) of the votes given upon such poll. At a series meeting such resolution must, in addition, receive the affirmative vote of not less than Seventy-five per cent (75%) of the votes given by the holders of each series of Bonds thereby affected and for the time being outstanding.

"Fair Value" means the lesser of (a) the original cost to the Company or the Predecessor Companies, or any one of them, as the case may be and such cost to the Company shall be deemed to be the sum of (i) any cash forming a part of such cost and (ii) an amount equivalent to the fair market value (as determined by an appraiser appointed by the Company and who may be an employee of the Company and who is acceptable to the Trustee) of any shares or obligations issued or delivered in payment therefor or for the acquisition thereof, determined as at the date of such issue or delivery, or (b) the replacement value less depreciation (calculated at the rates for the

time being prescribed by the Board of Commissioners of Public Utilities of Newfoundland) as determined by two competent officers or employees of the Company, appointed for such purpose by resolution of the Directors. If the property is of such nature that it is incapable of being separated or considered or sold separately from other property its value shall be deemed to be a proportionate part of the value of the whole.

"Formal Date" means the fifteenth day of September, 1966, being the formal date of these presents and this Deed shall be deemed to be valid and effective as of such date, although actually executed before or after that date.

"Fully Registered Bonds" means Bonds registered as to both principal and interest.

"Funded Obligations" means any bond, debenture, note or other evidence of indebtedness, including Purchase Money Mortgages, created, assumed or guaranteed, the principal amount of which by its terms is not payable on demand and matures more than twelve (12) months after the date of the creation, assumption or guarantee thereof.

"Initial Bonds" means the Bonds to be certified and delivered hereunder which are authorized by Article 5 of this Deed.

"Minor Title Defects" means title defects or irregularities which, in the opinion of Counsel, are of a minor nature and in the aggregate will not materially impair the use of the property for the purposes for which it is held or materially affect the security for the Bonds including, without limiting the generality of the foregoing, irregularities or deficiencies in the recorded evidence of title to real or immoveable property which in the opinion of Counsel can be cured by proceedings within the exclusive power of the Company or which in the opinion of Counsel, are not of a serious nature under the facts and circumstances of the case.

"Mortgaged Premises" means and includes the Specifically Mortgaged Premises and the undertaking and all other property and assets, including uncalled capital, of the Company, present and future.

"Net Earnings of the Company" means in respect of any Earnings Period the amount remaining after deducting from the gross operating and non-operating revenues of the Company all expenses of management and operation of the Company including (but without limiting the generality of the foregoing) taxes (except all governmental and municipal taxes on income and profits), rentals, insurances, interest (except interest on Funded Obligations),

charges for current repairs and maintenance and depreciation (depreciation being calculated at the rates, if any, for the time being prescribed by the Board of Commissioners of Public Utilities of Newfoundland) but excluding renewals and replacements not properly chargeable against operations and further excluding sinking fund payments or other mandatory retirement of Funded Obligations. Any calculation of the Net Earnings of the Company shall exclude profits or losses on sales of fixed assets or securities or shares or capital assets or any appreciation of capital assets and all profits and losses of a non-recurring nature. By exception, if any property owned, held or operated by the Company, or any subsidiary was not so owned, held or operated during the entire Earnings Period, the Net Earnings of such property (computed as provided herein) during the whole of such Earnings Period, or at the option of the Company during a separate Earnings Period for such property may be included in any calculation of Net Earnings of the Company under this Deed to the extent only that Net Earnings of such property have not already been included in such calculation of Net Earnings of the Company and to the extent only that such property was not acquired in exchange for property the Net Earnings of which have been so included. The Net Earnings of the Company shall be calculated in accordance with the foregoing provisions and with sound accounting principles under any accepted method of accounting now or hereafter followed by the Company and approved by the Company's Auditors. If the Company shall have one or more Subsidiaries "Net Earnings of the Company" may at the option of the Company be the consolidated Net Earnings (computed as aforesaid but on a consolidated basis) of the Company and any one or more Subsidiaries. In the case of any computation of Net Earnings of the Company for any period or any portion of any period prior to the Formal Date, the Company may combine Net Earnings (computed as aforesaid) of the Company and all its Predecessor Companies upon applying the principles set out in the definition of Earnings Period.

"Officers' Certificate" means a certificate signed by the President or a Vice-President or any other Director and the Secretary or any other officer or Director of the Company.

"Permitted Encumbrances" means at any particular time any of the following encumbrances:

- (i) pledges or deposits under Workmen's Compensation laws or similar legislation or good faith deposits in connection with bids, tenders, contracts (other than for the borrowing of money or for payment of

money borrowed) or leases or deposits to secure public or statutory obligations, or deposits of cash or obligations to secure surety and appeal bonds;

(ii) liens or privileges imposed by law, such as carriers', warehousemen's, mechanics', material men's and vendors' liens and privileges and liens and privileges arising out of judgments or awards with respect to which judgments or awards the Company or a Subsidiary at the time shall currently be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(iii) liens or privileges for taxes, rates, assessments, or governmental charges or levies not yet subject to penalties (other than interest on any overdue taxes) for non-payment or the validity of which is being at the time contested in good faith by the Company or a Subsidiary and in respect of which contestation by the Company there shall have been deposited with the Trustee funds sufficient to pay such lien or privilege in the event of its being held valid;

(iv) minor encumbrances, including rights-of-way for passage or for sewers, electric lines, telegraph and telephone lines, pipe lines and other similar purposes, or zoning or other restrictions as to the use of real properties, which do not in the opinion of the officers of the Company in the aggregate materially detract from the value of the said properties or materially impair their use in the operation of the business of the Company or a Subsidiary;

(v) undetermined or inchoate liens and charges incidental to current construction or current operations which have not at such time been filed and of which written notice has not been served upon the Company pursuant to law or which relate to obligations not due or delinquent;

(vi) the excess of the amount of any taxes, rates, assessments or governmental charges or levies for which final assessments have not been received over and above the amount of such taxes, rates, assessments or governmental charges or levies as estimated by a responsible officer of the Company;

(vii) any mortgage, hypothec, charge, lien or encumbrance payment of which has been provided for by deposit with the Trustee or

with the creditor thereof or with a trustee for such creditor of an amount in cash or of securities the equivalent of cash sufficient to pay same in principal and interest until the date of its maturity;

(viii) reservations, limitations, provisos and conditions expressed in any original grants from the Crown including, without limiting the generality of the foregoing, reservations of minerals, timber, sand and gravel and of land for roads; and

(ix) at the time of the issue of the Initial Bonds only, and for a period not exceeding one year or such further period thereafter as Counsel may advise is necessary to effect the discharge from registration thereof, the mortgages, pledges and other charges securing the various Funded Obligations of the Predecessor Companies which are to be exchanged for Initial Bonds and for Funded Obligations of the Company.

"Predecessor Companies" means Newfoundland Light and Power Company, Limited, The Public Service Electric Company, Limited, The Union Electric Light and Power Company, Limited, United Towns Electric Company, Limited and The West Coast Power Company Limited and a "Predecessor Company" means one of such Companies.

"Purchase Money Mortgage" except for the purposes of Sections 11.4, 11.9.2 and 11.14 hereof means (i) any mortgage, hypothec, lien, vendor's privilege or other encumbrance on property which was assumed, created, granted or reserved to secure all or any part of the purchase price of such property or money borrowed to pay all or any part of such purchase price or any mortgage, lien, privilege or other encumbrance existing thereon at the time of the acquisition of such property; (ii) any extensions, renewals or refundings of any such mortgage, hypothec, privilege, lien or other encumbrance, provided that the principal amount of the indebtedness secured thereby outstanding on the date of such extension, renewal or refunding is not increased; and (iii) amounts secured by conditional sales or other title retention agreements; provided, however, that where the interest of the Company in any property affected by a Purchase Money Mortgage is less than full ownership, the amount of such Purchase Money Mortgage shall be deemed to be the greater of (a) the same percentage of such Purchase Money Mortgage as the interest of the Company in such property affected thereby is of the whole, or (b) the amount of the personal liability of the Company with respect to such Purchase Money Mortgage.

"Refunded Bonds" means the Bonds so defined in Section 6.8 hereof.

"Registered Bonds" where not qualified by other words means both Fully Registered Bonds and Bonds registered as to principal only.

"Sinking Fund Retirement Date" means any date on which a sinking fund payment or retirement of Bonds is required to be made.

"Specifically Mortgaged Premises" means the property, real, immoveable, personal, moveable and mixed, and including any leases, rights, powers, franchises whether owned or enjoyed by the Company at the date hereof or hereafter acquired and now or hereafter granted, conveyed, assigned, mortgaged, pledged or charged, or intended so to be, as and by way of a fixed and specific charge for and with the payment of the moneys intended to be secured hereby.

"Subsidiary" except for the purposes of Sections 11.9.2, 11.11, and 11.14 hereof means any corporation or company of which more than fifty per cent (50%) of the outstanding Voting Shares are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a Subsidiary. "Voting Shares" means shares of capital stock of any class of a corporation having under all circumstances the right to elect at least a majority of the directors of such corporation, provided that, for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Shares nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of such event.

"This Deed of Trust and Mortgage," "this Trust Deed," "this Deed," "these presents," "this indenture," "herein," "hereby," "hereunder" and similar expressions refer to this Deed of Trust and Mortgage and include any and every deed of mortgage, pledge or other instrument of charge and any and every indenture or agreement which is supplementary or ancillary hereto or thereto or in implement hereof or thereof and "lien hereof," "lien hereunder," "lien or charge hereof," "charge hereof" and similar expressions mean the security constituted hereby or thereby or by any such instrument.

"Trustee" means the Party of the Second Part or its successor in the trusts hereby created.

"Trustee's Indemnification" means sufficient funds or a commitment satisfactory to the Trustee for sufficient funds, in the opinion of the Trustee, to commence, continue and carry out any act, action or proceeding, and indem-

nity satisfactory to the Trustee to protect and hold harmless the Trustee against all costs, charges, expenses and liabilities to be incurred as a result of any such act, action or proceeding and any loss or damage it may sustain by reason thereof.

"United States Dollars" or "(U.S.)" when applied to a dollar amount means the coin or currency that is legal tender for the payment of public and private debts in the United States of America at the date hereof.

1.2. **Singular — Plural, Persons — Firms, etc.** Words importing the singular number only shall include the plural and *vice versa* and words importing persons shall include firms, associations and corporations and *vice versa*.

1.3. **Division into Articles, Paragraphs — Headings.** The division of this indenture into articles and paragraphs and the insertion of headings are for convenience of reference only and shall not affect its construction or interpretation.

1.4. **Resolutions, Certificates, etc.** Any matters requiring to be dealt with under this Deed by any resolution, certificate, report, appraisal, opinion, notice, request, direction, consent or other instrument may be so dealt with by one or more such instruments signed, executed or certified according to the requirements for such instruments, as the case may be, which shall be considered together and as concurrent instruments and the same officer or officers of the Company or the Trustee or the same appraisers, auditors, counsel or other person, as the case may be, need not sign or certify each of such instruments.

1.5. **Counterparts and Forms.** This indenture may be executed in any number of counterparts, and in one or more forms on one or more dates, and each counterpart shall constitute an original, but all such counterparts and forms shall together constitute but one and the same instrument.

1.6. **Invalidity of Sections.** In case any one or more of the provisions contained in this indenture or in the Bonds should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

ARTICLE 2

LIMIT OF ISSUE AND FORM AND TERMS OF BONDS

2.1. **No Fixed Limitation — Series.** The Bonds authorized to be issued hereunder from time to time are not limited as to aggregate principal amount. The Bonds may be issued in one or more series. Each series of Bonds, with the

exception of the Initial Bonds authorized for immediate issue concerning which special provisions are contained in this Deed, shall, in the discretion of the Company but subject to the provisions of this Deed, bear such date or dates, and mature on such date or dates, bear interest at such rate or rates and may be made redeemable before maturity in such manner, with or without payment of a premium, and be entitled to the benefit of such sinking fund or sinking funds, if any, and contain or be subject to such provisions, if any, for the exchange of Bonds of different forms and denominations, numbering, designation, place or places of payment and such other provisions as may be deemed necessary or expedient and as may be determined by resolution of the Directors adopted at or prior to the time of issue thereof. The Bonds of each series shall be payable in such currency or currencies and at such rate of exchange, if any, as the Directors may in respect of any such series determine and as shall be expressed in the Bonds of such series.

2.2. Series Bonds Alike — Form. All Bonds of any particular series shall respectively be alike in all respects except that they may be of different denominations, payable at different places and of different maturities and may consist in whole or in part of Coupon Bonds registrable or not as to principal only and in whole or in part of Fully Registered Bonds, and may contain such variations of tenor and effect as are incidental to such differences of form and denomination, including variations in the forms and denominations and in the provisions for the registration and transfer of Bonds.

2.3. Similar Bonds May Be of Same Series. Subject to any limitations as to the maximum principal amount of Bonds of any particular series, Bonds at any time issued hereunder which have similar terms and attributes and are governed by and subject to the same provisions as Bonds of a series previously issued hereunder may be issued as part of such series, in which case they shall bear the same designation and designating letters, if any, as have been applied to such similar prior issue and shall be numbered consecutively upwards in respect of each denomination of Bonds in like manner and following the numbers (with due reserve, if considered necessary by the Trustee, of numbers to make exchanges of denominations) of the Bonds of such prior issue.

2.4. Text of Bonds and Coupons. The text of the Coupon Bonds and of the Coupons appertaining thereto and of the Fully Registered Bonds and of the certificate of the Trustee to be endorsed upon such instruments shall (except in respect of the Initial Bonds) be such as the Directors shall, at the time of the first issue of any Bonds of any series, determine to be necessary or advisable, the whole, however, subject to the provisions of this Deed and as shall be approved by the Trustee.

2.5. **Execution of Bonds.** Except as provided in Section 2.9 with respect to interim and temporary Bonds, all Bonds issued hereunder and secured hereby shall be under the seal of the Company or a reproduction thereof (which shall be deemed to be the seal of the Company) and shall be signed by the Chairman of the Board or President or a Vice-President and countersigned by the Secretary or an Assistant-Secretary or any Director of the Company. The signature or signatures of all or any one or more of such officers may be engraved, lithographed, printed or otherwise mechanically reproduced on the Bonds and such engraved, lithographed, printed or otherwise mechanically reproduced signature or signatures shall be deemed for all purposes the signature of such officer or officers and shall be binding upon the Company. Notwithstanding any change in any of the persons holding the said offices between the time of actual signing and the certifying and delivery of the said Bonds and notwithstanding that the Chairman of the Board or President or Vice-President or Secretary or Assistant-Secretary or Director signing may not have held office at the date of this Deed or at the date of said Bonds or at the date of the certifying and delivery thereof, the said Bonds so signed shall be valid and binding upon the Company and entitled to the security of this Deed.

2.6. **Execution of Coupons.** Coupons attached to the Coupon Bonds shall have engraved, lithographed or otherwise mechanically reproduced thereon the signature of the Secretary or the Treasurer or an Assistant-Secretary or an Assistant-Treasurer of the Company and such signature shall be binding upon the Company notwithstanding that the person whose signature may have been so engraved, lithographed or otherwise mechanically reproduced is not at the date of this Deed or at the date of the Bonds or at the date of the certifying and delivery thereof the Secretary or the Treasurer or an Assistant-Secretary or an Assistant-Treasurer of the Company.

2.7. **Certification by Trustee.** No Bond shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefit of the security of these presents or the benefit of the trusts hereunder until it has been certified by or on behalf of the Trustee, and such certification by the Trustee upon any such Bond shall be conclusive evidence that the Bond so certified has been duly issued hereunder and that the holder thereof is entitled to the benefit of the security of and the trusts under this Deed.

2.8. **Dating — Interest Accrual Date.** The Trustee shall mark every Fully Registered Bond issued hereunder with the date of its certification and (with the exception of the Initial Bonds which shall bear interest as set forth in Sections 5.1 and 5.2 hereof) any such Bond shall bear interest from the interest payment date next preceding the date of certification thereof, unless such date of certification be an interest payment date, in which case such Bond shall bear

interest from such date of certification. Nevertheless, in the case of any Fully Registered Bond issued initially or upon exchange, replacement, transfer, or otherwise, if the marking of such Bond with the actual date of certification would result in the holder either losing or gaining interest, the Trustee shall mark such Bond with such date of certification, other than the actual date, as will prevent any such loss or gain, and such Bond shall bear interest in accordance with the foregoing provisions of this Section as though the date of certification marked thereon were the actual date of certification.

2.9. Definitive and Temporary Bonds. When any of the Bonds are to be issued hereunder the Company shall, without unreasonable delay, cause to be prepared, executed and delivered to the Trustee definitive Bonds which shall be engraved, lithographed or printed. Pending the preparation and delivery to the Trustee of such definitive instruments, the Company may execute in lieu thereof (but subject to the same provisions, conditions and limitations as herein set forth) one or more interim or temporary lithographed, printed or typewritten Bonds, with or without Coupons, in such form and in such denominations, fully registered or registered as to principal only or payable to bearer, and with such appropriate omissions, insertions and variations as the Trustee and the Secretary or an Assistant-Secretary of the Company may approve, and deliver the same to the Trustee and thereupon the Trustee may certify such interim or temporary instrument or instruments or the Company may execute, and the Trustee certify as to each maturity, a temporary or interim Bond or Bonds of the aggregate principal amount of Bonds of such maturity authorized from time to time to be issued hereunder and deliver the same to the Trustee and thereupon the Trustee may issue its own interim certificates, in such form and in such amounts, not exceeding in the aggregate as to each maturity the principal amount of the temporary Bond or Bonds so delivered to it, as the Trustee and the Secretary or an Assistant-Secretary of the Company may approve, entitling the holder thereof to definitive Bonds when the same are ready for delivery. When so issued such interim or temporary Bonds or certificates, as the case may be, shall, until exchanged for definitive instruments, entitle the holders thereof to rank for all purposes as Bondholders and otherwise in respect of these presents to the same extent and in the same manner as though the said exchange had actually been made. When exchanged for definitive instruments, such interim or temporary Bonds or certificates shall forthwith be cancelled by the Trustee. Any interest paid upon interim or temporary Bonds or certificates without Coupons shall be noted thereon as a condition precedent to such payment. No charge shall be made by the Trustee to the holders of such interim or temporary Bonds or certificates for the exchange thereof, except for insurance on any of such instruments payable to bearer forwarded by mail, all other charges in this

respect being borne by the Company. Interim and temporary Bonds need not be sealed with the corporate seal of the Company.

2.10. Cancellation of Matured Coupons. The Coupons on Coupon Bonds issued hereunder which have matured at the date of delivery by the Trustee shall, subject to the provisions of Section 2.25 in any case of issue pursuant to the terms of that Section, unless the same represent unpaid interest on outstanding interim or temporary instruments issued under the provisions of Section 2.9 or on Fully Registered Bonds which are being exchanged for such Coupon Bonds, be detached from the same and cancelled before delivery.

2.11. Registers of Coupon Bonds. The Company shall at all times, while any Coupon Bonds which by their terms are registrable as to principal only are outstanding, cause to be kept by and at the offices of the Trustee in the Cities of St. John's (Newfoundland), Montreal (Quebec), Toronto (Ontario) and at such other place or places and by the Trustee or such other Registrar or Registrars, if any, as the Company, with the approval of the Trustee, may designate, registers in any one of which the holder or holders of Coupon Bonds which by their terms are registrable as to principal only may register the same as to principal only, such registration to be certified or noted on such Bonds. The name and post office address of each holder of Bonds so registered shall be entered in the register in which such Bonds are registered.

2.12. Transfers of Coupon Bonds. Except when registered as to principal, Coupon Bonds shall be transferable by delivery. When so registered, no transfer thereof shall be valid unless made on one of such registers by the registered holder or by his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing, in form and as to execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other Registrar may prescribe and unless such transfer shall have been duly noted on the said Bond by the Trustee or other Registrar. Any Bond registered as to principal only may be discharged from registry by being transferred to bearer, after which it shall again be transferable by delivery, but may again from time to time be registered as to principal only and discharged from registry. Notwithstanding registration of a Bond as to principal only, the Coupons when detached shall continue to be payable to bearer and pass by delivery.

2.13. Registers of Fully Registered Bonds. The Company shall also at all times, while any Bonds which by their terms may be issued as Fully Registered Bonds are outstanding, cause to be kept by and at the office of the Trustee in the said Cities referred to in Section 2.11 and at such other place or places and

by the Trustee or such other Registrar or Registrars, if any, as the Company, with the approval of the Trustee, may designate, registers in one of which shall be entered the names and post office addresses of the holders of Fully Registered Bonds and particulars of the Bonds held by them respectively and in which transfers of such Bonds shall be registered.

2.14. Transfers of Fully Registered Bonds. No transfer of a Fully Registered Bond nor any transmission thereof by death shall be valid unless made on one of such registers by the registered holder or by his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing, in form and as to execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other Registrar may prescribe, and upon surrender of such Bond to the Trustee for cancellation, whereupon a new Bond or Bonds of the same aggregate principal amount and maturity date and so registered shall be issued to the transferee in exchange therefor.

2.15. Transfer to Other Registers. The holders of Registered Bonds may at any time and from time to time, upon payment of a reasonable fee to be fixed by the Trustee, transfer the Bonds held by them respectively from the register in which the registration of such Bonds appears to another register maintained in another place authorized for that purpose under the provisions of this Deed.

2.16. Registers of Bonds Payable to Bearer. The Company shall also at all times, while any Bonds which by their terms are payable to bearer are outstanding, cause to be kept by and at the office of the Trustee in the said cities referred to in Section 2.11 and at such other place or places and by the Trustee or such other Registrar or Registrars, if any, as the Company with the approval of the Trustee, may designate, registers in which shall be entered the name and post office address of every holder of Bonds payable to bearer who may so require. Every such holder of a Bond may for that purpose communicate his post office address to the Trustee or other Registrar.

2.17. Closing of Registers. Except in the case of registers required to be kept at the cities referred to in Section 2.11 the Company, with the approval of the Trustee, shall have power at any time to close any register upon which the entries of the registration of any Bonds appear and in that event shall transfer the records thereof to another existing register or to a new register, and thereafter such Bonds shall be deemed to be registered on such existing or new register as the case may be. In the event that the register in any place is closed and the records transferred to a register kept in another place, notice of such

change shall be given, in the manner provided in Section 2.18 hereof, to the holders of the Bonds registered in the register so closed.

2.18. Notices. Subject to the provisions hereinafter contained regarding notices of intention to redeem, all notices given hereunder to the Bondholders shall be deemed validly given if given respectively as follows:

2.18.1. To holders of Bonds payable to bearer who have registered their names and post office addresses and to the holders of Bonds registered as to principal only and to holders of Fully Registered Bonds, if sent by ordinary mail prepaid addressed to such holders at their post office addresses appearing in the registers hereinbefore mentioned or, in the case of joint holders, to the registered address of that one whose name stands first in the register as one of such joint holders; and

2.18.2. To all other holders of Bonds payable to bearer if advertised in each of the said cities referred to in Section 2.11. hereof by publication therein in a daily newspaper of general circulation published in the English language and approved by the Trustee.

All such notices sent by post shall be mailed at any place in Canada where the Company may have established registers in accordance with the foregoing provisions of this Deed or partly at one of such places and partly at another or others. Every notice so sent by post or so advertised shall be deemed to have been given on the day when such notice is posted or on the day upon which it is advertised, as aforesaid, as the case may be.

2.19. Inspection of Registers. The registers hereinbefore referred to shall, at all reasonable times, be open for inspection by the Company, the Trustee or any Bondholder.

2.20. Ownership of Fully Registered Bonds. As to all Registered Bonds, the person in whose name the same shall be registered shall be deemed and regarded as the owner thereof for all purposes of this Deed and payment of or on account of the principal of, and premium, if any, on such Bonds shall be made only to or upon the order in writing of such registered holder thereof.

2.21. Ownership of Coupon Bonds. The Company and the Trustee may deem and treat the bearer of any Coupon Bond, which shall not at the time be registered as to principal, and the bearer of any Coupon, whether or not such Bond shall be registered as to principal, as the absolute owner of such Bond or Coupon for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Company and the Trustee shall not be affected by any notice to the contrary.

2.22. Ownership Free from Equities. The registered holder for the time being of any Registered Bond and the bearer for the time being of any Bond payable to bearer and the bearer of each of the Coupons (except any Coupon which shall be void by reason of the acceleration of the maturity of the Bond to which it was annexed) shall be entitled to the principal moneys, premium, if any, and interest evidenced by such instruments respectively, free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof and all persons may act accordingly, and a transferee of a Registered Bond shall, after the appropriate form of transfer is lodged with the Registrar and upon compliance with all other conditions in that behalf required by this Deed or by the conditions endorsed on the Bond or by law, be entitled to be entered on the register as the owner of such Bond free from all equities or rights of set-off or counterclaim between the Company and his transferor or any previous holder thereof, save in respect of equities as to which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

2.23. Delivery Good Discharge. Delivery to the Company by a Bondholder of a Bond or Coupon or the receipt of such holder for the principal moneys, premium, if any, and interest evidenced by such instruments respectively shall be a good discharge to the Company, which shall not be bound to enquire into the title of such holder, save as ordered by some court of competent jurisdiction or as required by statute. Neither the Company, nor the Trustee nor any Registrar shall be bound to see to the execution of any trust affecting the ownership of any Bond or Coupon nor be affected by notice of any equity that may be subsisting in respect thereof.

2.24. Death of Joint Registered Holder. In the case of the death of one or more joint registered holders, the principal, premium, if any, and interest on Fully Registered Bonds and the principal money of and premium, if any, on Bonds registered as to principal only may be paid to the survivor or survivors of such registered holders whose receipt therefor shall constitute a valid discharge to the Trustee and to the Company.

2.25. Mutilation, Loss, Theft, Destruction. In case any of the Bonds or Coupons shall become mutilated or be lost, stolen or destroyed, the Company in its discretion may issue and thereupon the Trustee, subject as in Section 2.26 provided, shall certify and deliver a new Bond or deliver a new Coupon, as the case may be, of like date and tenor as the one mutilated, lost, stolen or destroyed, in exchange for and in place of and upon cancellation of the mutilated Bond or

Coupon or in lieu of and in substitution for the same, if lost, stolen or destroyed, and the substituted instrument shall be in a form approved by the Trustee and shall rank equally in accordance with its terms with all other Bonds or Coupons issued or to be issued hereunder.

2.26. Evidence of Loss — Indemnity — Charges. In case of loss, theft or destruction, the applicant for a substituted Bond or Coupon shall as a condition precedent to the issue thereof furnish to the Company and to the Trustee such evidence of ownership and of the loss, theft or destruction of such instrument so lost, stolen or destroyed as shall be satisfactory to the Company and to the Trustee in their discretion and such applicant shall also furnish indemnity in amount and form satisfactory to them in their discretion and shall pay the expenses which may be incurred by them and their reasonable charges in the premises.

2.27. Charge for Exchange, Registration, Transfer. Except as herein otherwise provided, in every case of exchange of Bonds of any denomination or form for other Bonds, and for any registration of Bonds as to principal or as to both principal and interest and for any transfer of Registered Bonds, the Trustee or other Registrar may make a sufficient charge to reimburse it for any stamp taxes or governmental charge required to be paid and a charge of fifty (50) cents for its services and, in addition, may charge a sum not exceeding one dollar (\$1.00) per Bond issued upon such exchange, registration or transfer, and payment of said charges shall be made by the party requesting such exchange, registration or transfer as a condition precedent thereto; provided that, in the case of the first exchange of Bonds of any series after the original issue of such series other than the Initial Bonds, from Fully Registered Bonds to Coupon Bonds, or from Coupon Bonds to Fully Registered Bonds, and in the case of the discharge from registration of Coupon Bonds registered as to principal only upon the original issue thereof, the payment of such charges shall be borne by the Company.

2.28. Places of Exchange. All exchanges of Bonds may be made at the offices of the Trustee in the said cities referred to in Section 2.11 hereof or at the office or offices of such other Registrar or Registrars, if any, or at such other office or offices of the Trustee, if any, as may from time to time be designated by the Company for such purpose, with the approval of the Trustee, in any other place or places.

Subject to the provisions of Section 2.34 hereof, in every case of exchange and in cases of the transfer of Fully Registered Bonds, the Bond or Bonds (and Coupons, if any) surrendered shall be cancelled.

2.29. No Exchanges Preceding Interest Payment Date. The Company and the Trustee shall not be required to make exchanges, registrations or transfers of Fully Registered Bonds during a period of twenty-one (21) days next preceding an interest payment date thereof.

2.30. Supplemental Deeds. From time to time the Company and the Trustee may, subject to the provisions hereof, and shall, when so directed by these presents, execute, acknowledge and deliver, by their proper officers, deeds or instruments supplemental hereto, which thereafter shall form part hereof, or any other deeds or instruments, or do and perform any other acts and things for any one or more of the following purposes:—

2.30.1. Mortgaging, pledging, ceding, transferring or assuring to or confirming or vesting in the Trustee, or charging in favour of the Trustee, any property, real, immovable, personal, moveable or mixed, including but not to restrict the generality of the foregoing, leases, contracts and agreements;

2.30.2. Adding to the limitations or restrictions specified in these presents further limitations or restrictions, thereafter to be observed, upon the dealing with the property of the Company or upon the release of property from the lien hereof;

2.30.3. Adding to the covenants of the Company in these presents for the protection of the Bondholders;

2.30.4. Evidencing the succession (or successive successions) of any other corporation or company to the Company and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Deed;

2.30.5. Making such provisions, not substantially inconsistent with these presents, as may be deemed necessary or desirable with respect to matters or questions arising hereunder or for the purpose of facilitating a listing or obtaining a quotation of the Bonds on any stock exchange or bourse, including the making of any modifications in the form of the Bonds or Coupons which do not affect the substance thereof and which in the opinion of the Trustee it may be expedient to make, provided that the Trustee shall be of opinion that such provisions and modifications will not be prejudicial to the interests of the Bondholders;

2.30.6. Consenting to the amendment, revision, extension, amplification, alteration or termination of any contract, agreement, lease, license or franchise which may at any time form part of the Specifically Mortgaged

Premises; provided that the Trustee shall be of the opinion that the giving of such consent shall not be prejudicial to the interests of the Bondholders;

2.30.7. Providing for the issue of Bonds of denominations and varieties in addition to the denominations and varieties herein provided for;

2.30.8. Providing for payment of the Bonds or Coupons at a place or places in addition to the places herein or in any Bonds specified;

2.30.9. Establishing the terms, provisions and conditions of a particular issue or series of Bonds as determined by the Directors and within the limitations hereinbefore expressed; and

2.30.10. Providing for or altering the provisions of this Deed in respect of the exchange or transfer of Bonds.

2.31. **Paying Agents.** The Company may at any time designate and appoint a paying agent in addition to the Company's bankers with respect to any or all Bonds, or in addition to or in substitution for the Company's bankers with respect to any series of Bonds and upon such designation and appointment, the principal, premium (if any) and interest in respect of the Bonds affected shall be payable, and all notices, presentations and demands to and upon the Company in respect of such Bonds may be given or made at the office of such paying agent unless the designation of such paying agent is revoked or terminates and unless and until another paying agent is designated and appointed. The designation and appointment of any such paying agent for any series of Additional Bonds may be made in the Supplementary Trust Deed creating and providing for the issue of such series of Additional Bonds. The designation and appointment of a paying agent for any series of Bonds outstanding at the time of such designation and appointment may be made by the Directors and shall be communicated to the holders of the Bonds affected by notice to be given as provided in Section 2.18. hereof.

2.32. **Consideration for Issue.** Subject to the provisions of this Deed, Bonds may be issued for such consideration or at such prices and on such terms and conditions, not inconsistent with the provisions hereof, as shall be determined by the Directors and at such times and in such amounts as the purpose for which they are issued may require.

2.33. **All Bonds *Pari Passu*.** All Bonds issued in pursuance of the provisions of this Deed shall rank *pari passu* and be secured equally and rateably without discrimination or preference whatever may be the actual date thereof or of the certification thereof respectively, except as to any sinking fund appertaining exclusively to any particular series.

2.34. Pledge of Bonds. All or any of the Bonds may be pledged, hypothecated or charged from time to time by the Company as security for advances or loans to or for indebtedness or other obligations of the Company and, when redelivered to the Company or its nominees on or without payment, satisfaction, release or discharge in whole or in part of any such advances, loans, indebtedness or obligations, or when re-purchased or otherwise acquired by the Company, shall (except when acquired pursuant to any provision of the Bonds or of this Deed or pursuant to a resolution of the Directors, which provision or resolution requires cancellation and retirement of such Bonds so acquired), whilst the Company remains in possession thereof, be treated as unissued Bonds (except for purposes of computation of sinking fund payments, if any, and for purposes of determining whether the Company may issue Additional Bonds under the provisions of Article 6 hereof) and may be kept alive for purposes of re-issue and accordingly may be re-issued, pledged or charged, sold or otherwise disposed of, prior to the stated maturity thereof, as and when the Company may think fit, but such Bonds shall not carry any matured Coupons unless the same represent interest in respect of which the Company has made default in payment to holders of other Bonds of the same issue in the hands of the public, and all such Bonds so re-issued, before, but not after, the maturity thereof, shall from time to time rank as Bonds of the series to which they belong, and shall continue to be entitled, as upon their original issue, to the benefit of all the terms, conditions, rights, priorities and privileges hereby attached to or conferred on Bonds secured hereunder.

2.35. Purchase of Bonds by Company. Subject to any provisions pertaining to a particular series of Bonds, the Company reserves the right, at any time and from time to time, when not in default hereunder, to purchase Bonds of any series in the market or by tender or by private contract at any price or prices not exceeding the price at which the same may be redeemed at the option of the Company for other than sinking fund purposes at the time of purchase or, if the same be redeemable on call only at specified times, then at not exceeding the price at which the same could be so redeemed for other than sinking fund purposes on the next available redemption date, plus in all cases interest accrued on said principal amount to the date of purchase and costs of purchase, and to tender the Bonds so purchased to the Trustee for cancellation.

2.36. Respecting Places of Payment. Except as otherwise herein provided, all sums which may at any time become payable whether at maturity or on a declaration or on redemption or otherwise on account of any Bond or premium or interest thereon shall be payable at the option of the holder at any of the places at which the principal of and interest on such Bond are respectively

payable in accordance with the provisions of such Bond or the Coupons appertaining thereto. In the case of fully registered Bonds, as the interest becomes due, the Company (except in case of payment at maturity or if called for redemption, in which cases payment of interest may, at the option of the Company, be made upon surrender of such Bonds) may agree with any holder or holders of such Bonds, to forward by post prepaid, addressed to the registered address of the holder for the time being or, in the case of joint holders, to the registered address of that one whose name stands first in the register as one of such joint holders, a warrant or cheque for such interest (less any tax required by law to be deducted) payable, as herein provided, to the order of such holder, or, in the case of joint holders, to the order of all such holders, failing written instruments from them to the contrary. The forwarding of such warrant or cheque, as the case may be, shall satisfy and discharge the liability for interest upon such Bonds to the extent of the sum or sums represented thereby (plus the amount of any tax required to be deducted as aforesaid) unless such warrant or cheque be not paid on presentation, provided that in the event of non-receipt of such warrant or cheque by the registered holder, or the loss, theft or destruction thereof, the Company, upon being furnished with reasonable evidence of such non-receipt, loss, theft or destruction and indemnity reasonably satisfactory to it, shall issue to such registered holder a replacement warrant or cheque for the amount of such warrant or cheque.

2.37. Home Office Payment. By exception to the provisions of Section 2.36., the Company may, with the approval of the Trustee, agree with the holder or holders of any Fully Registered Bonds as follows:

2.37.1. Payment of any portion of the principal amount of such Bonds shall be made by the Company or at its direction by the Trustee directly to such registered holder.

2.37.2. Such registered holder shall promptly note or record such payment on the reverse side of any such Bond and shall promptly notify the Trustee in writing, if the Trustee so requests, at its principal office in Montreal that such notation has been made.

2.37.3. Such registered holder shall not sell, transfer or otherwise dispose of any such Bond, unless, prior to delivery thereof, it shall be surrendered to the Trustee either in exchange for a new Bond equal to the then unredeemed portion of such Bond or for verification by the Trustee of the notation or notations made thereon of the portion of the principal amount of such Bond theretofore redeemed.

2.37.4. The foregoing right when extended to any registered holder of Fully Registered Bonds to receive payment directly of any partial redemption may, with respect to any such holder or holders, be terminated by the Trustee at any time without notice in the event that such holder or holders, as the case may be, shall fail, to the knowledge of the Trustee, to observe and perform any duty or obligation imposed upon such holder or holders by Sections 2.37.1., 2.37.2. and 2.37.3.

ARTICLE 3

REDEMPTION OF BONDS

3.1. **General Provisions.** The Company, 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 maturity, Bonds of any series which by their terms are made so redeemable at such rate or rates of premium, if any, and on such date or dates as shall have been determined at the time of the issue of such Bonds and as shall be expressed in the Bonds. In case less than all the outstanding Bonds of any series or, in the case of a series having more than one maturity date, of any maturity are to be redeemed, the Bonds of such series or of such maturity, as the case may be, so to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall deem equitable or, if the Directors so determine and the Trustee approve, the Bonds may be redeemed *pro rata*, disregarding fractions; provided that if in the case of any series of Bonds it shall have been determined prior to the issue thereof that the Bonds of such series so to be redeemed shall be selected in accordance with any other method, then such method shall be adopted for the purpose of such selection of the Bonds of such series so to be redeemed. If any Bond shall become subject to redemption in part only, the holder of such Bond called for redemption in part only, upon surrender of such Bond in accordance with Section 3.10 hereof, shall be entitled to receive, without expense to such holder, one or more new Bonds, of the same series and date of maturity, in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bond so surrendered. Unless the context otherwise indicates, the word Bond or Bonds as used in this Article 3 shall be deemed to include any portion of the principal amount of any Bond which shall have become subject to redemption.

3.2. **Notice of Redemption.** Notice of intention to redeem shall be given by the Company in the manner specified in Section 2.18 of this Deed, not less than thirty (30) days prior to the date fixed for redemption, provided, however, that if the Bonds to be redeemed include any Coupon Bonds not registered as to

principal the advertisement of such notice in the newspapers shall be repeated at least once during said period of thirty (30) days, the first of such advertisements to appear not less than thirty (30) days prior to the date fixed for redemption. In any case of selection by lot, *pro rata* or otherwise of Bonds to be redeemed, the numbers of such Bonds and the portions to be redeemed of the principal amount of the Bonds, if any, to be redeemed in part only shall be stated in such notice which shall in every case state the date fixed for redemption, the redemption price, the place or places fixed for payment, which shall be in accordance with the foregoing provisions of this Deed and that in case the Bonds specified in such notice be not presented for redemption on such date no interest shall accrue thereon from and after said date.

3.3. Respecting Payment. If notice shall have been given as aforesaid and if the redemption moneys shall have been duly paid to or to the order of the Trustee as provided in Section 3.5 hereof, but not otherwise, all the Bonds so called for redemption shall thereupon be and become due and payable, at such redemption price, plus accrued interest to the date of redemption, on such redemption date in the same manner and with the same effect as if it were the date of maturity specified in such Bonds respectively, anything therein or herein to the contrary notwithstanding, and from and after such redemption date interest upon said Bonds shall cease and Coupons for interest to accrue after said date upon said Bonds shall become and be void; but the giving of such notice in conformity with the provisions hereof shall, if the Company fails to make such payment (whether such failure results from a change in the Company's intentions, or from circumstances beyond its control or otherwise), produce no more effect as between the Company and any Bondholder than if no such notice had been given.

3.4. Decision of Trustee Final. In case any question shall arise as to whether any notice has been duly given or such payment made, such question shall be decided by the Trustee, whose decision shall be final and binding upon all parties in interest.

3.5. Mode of Payment. Such redemption shall be provided for by paying to or to the order of the Trustee on or before the date of redemption at such office or offices and in such place or places as the Trustee may consider expedient, such sums as, in the opinion of the Trustee, are sufficient to pay the redemption price of such Bonds respectively, together with the accrued and unpaid interest thereon to the date of redemption, at the places where such redemption is to be made and such further sum as shall, in the opinion of the Trustee, be sufficient to cover the expenses necessarily connected with providing for payment at such places. From the sums so paid the Trustee shall pay or cause to be paid to the

holders of such Bonds called for redemption, upon surrender of such Bonds together with, in the case of Coupon Bonds, the Coupons appertaining thereto maturing after such redemption date, the principal, interest and premium, if any, to which they are respectively entitled on redemption. If the redemption date falls on an interest payment date, payment of the interest falling due on that day shall be made only upon surrender of the Coupons representing such interest.

3.6. Partial Redemptions. Notwithstanding the foregoing provisions of Section 3.1., and in the absence of any express provision to apply to any particular series of Bonds, it is expressly provided that all redemptions of less than all the Bonds of a particular series shall be effected in the following manner:

3.6.1. the principal amount of Bonds to be redeemed shall be first allocated between (a) the Bonds in fully registered form and (b) the Bonds in coupon bearer form, registrable as to principal only, in proportion to their respective aggregate principal amounts then outstanding;

3.6.2. the Bonds in fully registered form to be redeemed in accordance with such allocation shall be selected *pro rata* from amongst all registered holders of such Bonds in proportion to their respective holdings of such Bonds in such manner as the Trustee shall deem equitable;

3.6.3. the Bonds in coupon form to be redeemed in accordance with such allocation shall be selected by lot from amongst all holders of such Bonds in such manner as the Trustee shall deem equitable;

3.6.4. in any allocation or proration pursuant to the foregoing, the Trustee shall, according to such method as it shall deem proper, make such adjustment (by increasing or decreasing by not more than \$1,000 the amount which would be allocable on the basis of the exact proportion of the outstanding Fully Registered Bonds and Coupon Bonds to any one or more holders of Fully Registered Bonds) as may be necessary to the end that the principal amount so prorated shall be in each instance one thousand dollars (\$1,000) or an integral multiple thereof;

3.6.5. if no Bonds in fully registered form are outstanding at the time of any partial redemption of the Bonds, then the Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall deem equitable.

3.7. Deposit of Redemption Price Gives Discharge. In case the holder of any such Bond so called for redemption shall fail so to surrender his Bond and said Coupons, or shall not accept payment of the redemption moneys payable in respect thereof or give such receipt therefor, if any, as the Trustee may require,

such redemption moneys shall be set aside in trust for such holder either in the banking department of the Trustee or in any branch of the bank or paying agent at whose office the Bond is payable, and such setting aside shall for all purposes be deemed a payment to the Bondholders of the sum so set aside and to that extent said Bond or Bonds and Coupons shall thereafter not be considered as outstanding hereunder, and the Bondholders shall have no other right except to receive payment out of the moneys so set aside upon surrender to the Trustee of his Bond or Bonds and Coupons, if any. Any interest earned or paid in respect of any such deposit of redemption moneys shall be paid to the Company.

3.8. Cancellation of Redeemed Bonds. All Bonds and unmatured Coupons so surrendered to the Trustee shall forthwith be cancelled by the Trustee and, except as provided in Article 6, no Bonds shall be issued in substitution therefor.

3.9. In Case of Voluntary Liquidation. In the absence of any express provision to apply to any particular series of Bonds, in the event of the voluntary liquidation of the Company before the maturity of the Bonds, except for the purpose of effecting a reorganization or reconstruction of the Company or its consolidation, amalgamation or merger with another company in the manner provided in Article 15 hereof, or on any declaration by the Trustee pursuant to the provisions of Section 12.2 hereof, or on any sale of the Mortgaged Premises or any part thereof pursuant to the provisions of Section 13.2 hereof, all Bonds shall be paid by the Company at the price, plus accrued interest, at which the Company could redeem the same for other than sinking fund purposes on the date on which the resolution is passed, or order granted, for the winding up of the Company or on the date of such declaration or of such sale or on the interest payment day next following any such date, in the case of Bonds redeemable only on an interest payment date, as the case may be.

3.10. Surrender of Bonds. If the principal moneys due upon any Bond shall become payable by redemption or otherwise before the date of maturity thereof, the person presenting such Bond for payment must surrender the same for cancellation together with the Coupons, if any, representing interest subsequent to the date fixed for redemption, the Company nevertheless paying the interest for the fraction of the current half-year, if the date fixed for payment be not an interest payment date.

3.11. Redemption of Initial Bonds. Subject to the foregoing provisions of this Article 3, the Initial Bonds shall be redeemable either in whole or in part, at the option of the Company, at the times and on the terms hereinafter stated in Section 5.5. hereof for other than sinking fund purposes, and in Section 5.6. hereof for sinking fund purposes.

3.12. **Special Covenants for Initial Bonds.** Notwithstanding the foregoing, any redemption of any particular series of the Initial Bonds, otherwise than for sinking fund purposes shall be subject to the special covenants of the Company pertaining to such particular series of Bonds, as set forth in Article 11 hereof.

ARTICLE 4

SINKING FUND

4.1. **General Provision.** The Company covenants and agrees with the Trustee for the benefit of the Trustee and of the Bondholders that, so long as any Bonds remain outstanding and unpaid, it will, from time to time, punctually make to the Trustee in the manner, and in the places, and on the dates herein or in any such Bonds prescribed, all sinking fund payments herein or in any deed supplemental hereto or in any Bonds issued hereunder provided in respect of Bonds, and that it will punctually do and perform all such other acts and things as are herein and in said Bonds prescribed and provided in respect of any sinking fund securing the same.

4.2. **General Sinking Fund.** As a general sinking fund for the Additional Bonds from time to time certified and delivered hereunder other than by way of pledge under the provisions of Section 2.34. hereof, and subject to the provisions of any separate sinking funds or special sinking fund provisions established for or with respect to any particular series of Additional Bonds, the Company covenants and agrees to pay to the Trustee on the first day of October in each year a sum of money equal to one per cent (1%) of the greatest aggregate principal amount of Additional Bonds of all series which up to the several sinking fund dates have been certified and delivered hereunder; provided there shall not be included in the calculation of such greatest aggregate principal amount (i) Additional Bonds certified and delivered by way of pledge under the provisions of Section 2.34. hereof, (ii) any series of Additional Bonds which have been entirely redeemed or paid on maturity, and (iii) Additional Bonds certified and delivered upon exchanges and transfers.

4.3. **Bonds in lieu of Cash.** Instead of making payments to any sinking fund in money, the Company may deliver to the Trustee, in satisfaction in whole or in part of each sinking fund payment due on any sinking fund payment date:

4.3.1. any Bonds of the series for which such sinking fund payment is due, where such series makes provision for a separate sinking fund, or in the absence of any such provision,

4.3.2. any Bonds of any series which have been previously issued hereunder by the Company other than by way of pledge under the provisions of Section 2.34. hereof,

and, subject to the provisions of Section 5.6. with respect to certain separate sinking funds for certain series of the Initial Bonds, the Company shall receive credit for the Bonds so delivered, in an amount equal to the then prevailing redemption price of such Bonds for ~~other than~~ sinking fund purposes, exclusive of accrued interest.

4.4. **Anticipation — Purchase of Bonds.** The Company may at any time pay or deliver cash or Bonds of any series to the Trustee for any sinking fund in excess of the amount becoming due as above provided, and the Company shall to the extent of any such payment or delivery, be entitled to credit on amounts subsequently becoming due to the Trustee for such sinking fund as aforesaid. For the purposes of such delivery of Bonds of any series to the Trustee, the Company may purchase such Bonds in the market or by tender or by private contract at a price or prices not exceeding the particular redemption price or prices then applicable, plus accrued interest to the date of such purchase, plus reasonable costs of purchase.

4.5. **Sinking Fund Redemptions.** If the Company does not so deliver Bonds as aforesaid in full payment of the amounts payable in respect of any sinking fund, as and when the same are due and payable, then the moneys paid to the Trustee by the Company for the purpose of such sinking fund shall, forthwith or as soon as practicable, be employed by the Trustee in the following manner, provided that the balance of the moneys in such sinking fund shall amount to at least fifteen thousand dollars (\$15,000). The Trustee shall draw by lot for redemption (in such manner as the Trustee shall deem equitable):

4.5.1. Bonds of the series for which such sinking fund money was paid, if paid in relation to a separate sinking fund for a series of Bonds, or

4.5.2. Bonds of any one or more series for which no separate sinking fund is provided and which the Company will designate if there be more than one series outstanding.

Bonds to be so redeemed shall be drawn in an aggregate principal amount, which shall equal, as nearly as may be, the amount of Bonds which can, out of sinking fund moneys available therefor, be redeemed at the particular redemption price or prices applicable in such case. After such drawing has been completed, the Trustee shall cause notice of redemption of the Bonds so selected to

be given in the manner provided in Article 3 hereof in the case of the redemption by the Company of such Bonds and the provisions of such Article 3 shall apply *mutatis mutandis* to redemptions for sinking fund purposes.

4.6. **Cancellation of Bonds.** All Bonds of any series received by the Trustee in lieu of sinking fund payments or redeemed by operation of any sinking fund shall be cancelled, and no other Bonds of any series shall be issued in their place.

4.7. **Security.** Until applied in the purchase or redemption of Bonds, all money in any sinking fund and interest thereon shall be held by the Trustee as part of the Specifically Mortgaged Premises as security for the Bonds of the one or more series in question, and may be invested by the Trustee as provided in this Trust Deed.

4.8. **Credits to be Carried Forward.** Any unused credit for sinking fund purposes which was available to any of the Predecessor Companies under the Trust Deeds or other instruments securing the Funded Obligations of such Predecessor Companies which are to be exchanged for any series of the Initial Bonds shall be available to the Company hereunder as a credit in respect to the corresponding sinking fund requirements of the corresponding series of Initial Bonds hereunder.

4.9. **Proviso.** The foregoing provisions of this Article 4 are subject, in the case of the Initial Bonds, to the provisions of Article 5 hereof, and may be modified or varied in the case of any one or more series of Additional Bonds.

ARTICLE 5

ISSUE OF BONDS

5.1. **Initial Bonds.** The first issue of Bonds to be certified and delivered hereunder shall be the Initial Bonds and shall consist of and be limited to twenty million, eight hundred and forty-seven thousand, four hundred and thirty dollars Canadian Currency (\$20,847,430 Can.) principal amount of First Mortgage Bonds and Two million five hundred thousand dollars United States Currency (\$2,500,000 U.S.) principal amount of First Mortgage Bonds, shall be issued in several series of Bonds, each of which series shall respectively have the characteristics set forth opposite the series designation letter provided below and more particularly, but without limitation, shall respectively have the series designation letter, be in the aggregate principal amount (with a notation of special currency of payment, if any), be entitled to interest at the rate per annum, together with interest on all overdue interest at the same rate, computed half-yearly from its

due date until actual payment and both before and after maturity and before and after default, and shall respectively become payable upon the maturity date, all as set forth in the following table:

SERIES DESIGN- ATION LETTER	AGGREGATE PRINCIPAL AMOUNT	INTEREST RATE	MATURITY DATE	SERIES DESIGN- ATION
A	\$1,500,000	3½%	October 1, 1970	Series A
B	\$2,371,500	5%	December 1, 1972	Series B
C	\$1,370,000	4%	December 1, 1975	Series C
D	\$2,407,000	5½%	December 1, 1978	Series D
E	\$3,000,000	5¾%	June 1, 1984	Series E
F	\$1,229,500	3¾%	July 1, 1967	Series F
G	\$ 522,000	5½%	August 1, 1972	Series G
H	\$ 910,000	4¾%	May 1, 1981	Series H
I	\$1,840,000	5¾%	May 15, 1982	Series I
J	\$1,175,000	5¾%	November 1, 1983	Series J
K	\$1,900,000	7%	May 1, 1985	Series K
L	\$ 960,000	6½%	May 1, 1986	Series L
M	\$2,500,000 (U.S.)	5¾%	June 1, 1990	Series M
N	\$ 905,000	4¼%	November 15, 1974	Series N*
O	\$ 270,000	5½%	August 1, 1977	Series O*
P	\$ 300,000	6¼%	June 1, 1981	Series P*
Q	\$ 187,430	5%	July 1, 1972	Series Q

and each such series of Bonds (sometimes referred to herein as the "Series Bonds" or as the "Bonds of Series") may be designated as the ".....% First Mortgage Bonds Series", inserting in such blank spaces respectively, the interest rate and series designation letter of such series of Bonds.

*The Bonds of Series N, O and P are guaranteed by the Government of Newfoundland as more fully set forth in a Collateral and Guarantee Agreement between the Company, the Trustee and the Government of Newfoundland dated as of the Formal Date and to be considered as in supplement of these presents.

5.2. **Accrued Interest on Initial Bonds.** The said several series of Initial Bonds shall respectively be entitled to interest accruing from (but not including) the interest accrual date, which accrued interest shall be paid on the interest payment date next following such interest accrual date, and shall be entitled to half-yearly interest payments on the interest payment dates of each year hereafter, all as set forth in the following table:

SERIES DESIGN- ATION LETTER	INTEREST ACCRUAL DATE	INTEREST PAYMENT DATES
A	April 1, 1966	1st April and 1st October
B	June 1, 1966	1st June and 1st December
C	June 1, 1966	1st June and 1st December
D	June 1, 1966	1st June and 1st December
E	June 1, 1966	1st June and 1st December
F	July 1, 1966	1st January and 1st July
G	August 1, 1966	1st February and 1st August
H	May 1, 1966	1st May and 1st November
I	May 15, 1966	15th May and 15th November
J	May 1, 1966	1st May and 1st November
K	May 1, 1966	1st May and 1st November
L	May 1, 1966	1st May and 1st November
M	June 1, 1966	1st June and 1st December
N	May 15, 1966	15th May and 15th November
O	August 1, 1966	1st February and 1st August
P	June 1, 1966	1st June and 1st December
Q	July 1, 1966	1st January and 1st July

5.3. **Sinking Fund.** As a general sinking fund for the Initial Bonds of Series A, B, C, D and E the Company covenants and agrees to pay to the Trustee on the first day of October in each year commencing October 1, 1966 the sum of one hundred and ten thousand dollars (\$110,000); provided that not more than twenty-five thousand dollars (\$25,000) principal amount of the Bonds of Series B and not more than twenty-five thousand dollars (\$25,000) principal amount of the Bonds of Series D shall be redeemed for sinking fund purposes in any one

year; and the requirements of such sinking fund shall be fulfilled by the Company and the Trustee, as the case may be in the manner set forth in Article 4.

5.4. *Idem.* As separate sinking funds for each of the several series of Initial Bonds, other than the Initial Bonds referred to in Section 5.3., the Company covenants and agrees to pay to the Trustee the respective sums on the respective dates in each year, for the respective series of Bonds, all as set forth in the following table:

SERIES DESIGN- ATION LETTER	SINKING FUND AMOUNT	ANNUAL SINKING FUND PAYMENT DATE
F	\$15,000	1st July
G	\$ 6,000	1st August
H	\$10,000	1st May
I	\$20,000	15th May
J	\$12,500	1st November
K	\$20,000	1st May
L	\$10,000	1st May
M	\$25,000 (U.S.)	1st June commencing June 1, 1967
N	\$27,500	15th November
O	\$ 7,500	1st August
P	\$ 7,500	1st June
Q	\$ 2,500	1st July

and the requirements of such sinking fund shall be fulfilled by the Company and the Trustee, as the case may be, in the manner set forth in Article 4.

5.5. *Redemption for Other Than Sinking Fund.* Subject to the provisions of Article 11 hereof, the several series of Initial Bonds shall be redeemable for other than sinking fund purposes either in whole or in part, at the option of the Company, at any time and from time to time prior to the respective maturities of such series of Initial Bonds at the principal amount of such Bonds plus accrued and unpaid interest to the date fixed for the redemption thereof, all as provided in Article 3 hereof, plus the initial redemption premium (if any), prior to such date, such premium (if any) thereafter decreasing at such percentage of the prin-

cipal amount of such Initial Bonds for each twelve month period or portion thereof elapsed, all as set forth in the following table:

SERIES DESIGN- ATION LETTER	INITIAL REDEMPTION PREMIUM	PRIOR TO	PREMIUM THEREAFTER
A	0.50%	October 1, 1970	none
B	2.333%	December 1, 1966	decreasing 0.333% per year.
C	1.00%	December 1, 1970	0.5% prior to December 1, 1975 and thereafter without premium.
D	3.25%	December 1, 1966	decreasing 0.25% per year.
E	5.15%	June 1, 1967	decreasing 0.30% per year.
F	none	—	—
G	1.25%	August 1, 1967	decreasing 0.25% per year.
H	2.80%	May 1, 1967	decreasing 0.20% per year.
I	3.75%	May 15, 1967	decreasing 0.25% per year.
J	5.15%	November 1, 1966	decreasing 0.30% per year.
K	5.20%	May 1, 1967	decreasing 0.30% per year.
L	2.75%	May 1, 1967	decreasing 0.15% per year.
M	5.375%	June 1, 1967	decreasing 0.25% per year.
N	none	—	—
O	none	—	—
P	3.75%	June 1, 1967	decreasing 0.30% per year.
Q	none	—	—

5.6. **Redemption for Sinking Fund.** Initial Bonds shall be redeemable for sinking fund purposes in the manner provided for in Article 4 hereof in the case of Bonds of Series A, C, F, G, H, I, L, M and P at the respective redemption prices then current pursuant to Section 5.5. hereof and in the case of Bonds of Series B, D, E, J, K, N, O and Q at the principal amount thereof together with accrued interest thereon to the date fixed for redemption. The amount for which the Company will be entitled to receive credit pursuant to Section 4.3 hereof when tendering Initial Bonds to the Trustee in lieu of cash sinking fund payments shall be in the case of Bonds of Series A, C and Q, the principal amount thereof together with the applicable respective premium, if any, then current pursuant to Section 5.5. hereof, exclusive of any accrued interest thereon and in the case of Bonds of Series B, D, E, F, G, H, I, J, K, L, M, N, O and P, at the principal amount thereof exclusive of any accrued interest thereon.

5.7. Places of Payment. The principal of the Initial Bonds and the premium, if any, and interest thereon and all sums which may at any time become payable thereon, whether at maturity, on a declaration, on redemption or otherwise, shall be payable in lawful money of Canada at the option of the holder at any branch in Canada of the Company's bankers save and except that (i) the Series M Bonds shall be payable in United States dollars at The Canadian Bank of Commerce Trust Company, in the City of New York, in the State of New York and (ii) the Company may agree with the holder of any fully registered Bonds to make payment to such holder as provided for in Article 2 hereof.

5.8. Form. The Initial Bonds shall be in or substantially in either of the forms set out in the First Schedule of this Deed with such appropriate additions and variations as shall be required; shall be dated September 15th, one thousand nine hundred and sixty-six (1966); shall be issued in coupon bearer form registrable as to principal only, in the denominations of Five hundred dollars (\$500) and One thousand dollars (\$1,000) and in fully registered form in the denominations of Five hundred dollars (\$500), One thousand dollars (\$1,000) and such multiples thereof, if any, as the Secretary of the Company may from time to time request and the Trustee approve. By exception, the Bonds of Series Q shall only be issuable in fully registered form in the denomination of Ten dollars (\$10) and multiples thereof. The Initial Bonds shall be numbered in such manner as the Company, with the approval of the Trustee, may determine.

5.9. Exchange of Forms and Denominations. Initial Bonds of any authorized denomination or form may be tendered for exchange for an equal aggregate principal amount of Initial Bonds of the same series in any other authorized denomination or denominations or form. No charge shall be made by the Trustee, Registrar or the Company to the holder thereof for the first exchange of initially issued Initial Bonds in fully registered form into an equal aggregate principal amount of Initial Bonds of the same series in coupon bearer form, all such charges being borne by the Company. All Bonds tendered for exchange pursuant to this Section shall be surrendered to the Trustee together, in the case of Coupon Bonds, with all unmatured Coupons appertaining thereto.

5.10. Delivery of Initial Bonds. All the Initial Bonds may forthwith upon the execution hereof be issued by the Company and be certified by or on behalf of the Trustee, and shall be delivered by the Trustee to or upon the written order of the Company evidenced by an Officers' Certificate upon receipt by the Trustee of an opinion of Counsel that all appropriate deeds, including these presents, have been duly and effectually executed in favour of the Trustee by the Company and properly registered to constitute the security created by these

presents a valid first fixed and specific mortgage, pledge or charge on all the real and immoveable properties and rights of the Company and a first floating charge on all the undertaking and remaining property and assets of the Company, the whole subject to Permitted Encumbrances and those exceptions which are expressly contemplated by this Deed.

ARTICLE 6

BONDS IN ADDITION TO INITIAL BONDS

6.1. **Issue of Additional Bonds.** Additional Bonds without limitation as to aggregate principal amount, may from time to time be certified and delivered hereunder upon compliance with the provisions of this Article 6, provided that the provisions of Sections 6.2 and 6.3 of this Article 6 must be complied with only so long as (a) there remain outstanding any Initial Bonds, and (b) there remain outstanding any Additional Bonds to which the application of the provisions of this Article 6 (with or without modification) have been expressly extended.

6.2. **Earnings Test.** No Additional Bonds shall be certified and delivered hereunder unless the Net Earnings of the Company for the Earnings Period selected by the Directors shall have been at least two (2) times the maximum annual interest charges on all Bonds to be outstanding after the proposed issue of Additional Bonds.

6.3. **Additional Property Test.** Additional Bonds shall not be certified and delivered hereunder in an aggregate principal amount which shall exceed sixty per cent (60%) of the Fair Value of Additional Property.

6.4. **Requirements of Issue.** The Trustee shall from time to time certify and deliver to or to the order of the Company, upon the request of the Company evidenced by a Certified Resolution as hereinafter provided, Additional Bonds but only upon receipt by it of:

6.4.1. a Certified Resolution authorizing the issue of such Additional Bonds, requesting the certification thereof in the principal amount applied for, specifying the person or persons to whom or to whose order such Bonds shall be delivered and the form or forms and denominations of the Bonds to be issued and, if such Additional Bonds are not of a series theretofore created, designating the new series then to be created and specifying all essential particulars of such series;

6.4.2. an Officers' Certificate establishing in reasonable detail that the requirements of Sections 6.2 (when applicable) and 6.3 (when applicable) have been met, and, subject to the provisions and for the purposes of those Sections, stating (i) the aggregate principal amount of all outstanding Bonds; (ii) the Net Earnings of the Company for the Earnings Period selected; and (iii) the maximum annual interest requirements on all Bonds to be outstanding after the issue of the Additional Bonds proposed to be issued, and in all cases further stating that, to the knowledge of the persons signing such certificate, the Company is not in default in respect of any of the terms or covenants of this Deed;

6.4.3. so long as Sections 6.2 and 6.3 are applicable, a certificate signed by any two competent officers or employees of the Company appointed for such purpose by a Certified Resolution and stating (i) that the Fair Value of the Additional Property of the Company, computed for the purposes of Section 6.3, is not less than a specified amount, and (ii) that the aggregate principal amount of all Additional Bonds to be outstanding after the proposed issue of Additional Bonds will not exceed sixty per cent (60%) of the Fair Value of all Additional Property;

6.4.4. so long as Sections 6.2 and 6.3 are applicable, a certificate signed by the Auditors confirming the amounts required to be stated in the Officers' Certificate referred to in Section 6.4.2; and

6.4.5. an opinion of Counsel that (i) any Additional Property (other than any amount of cash deemed to be included in Additional Property) of the Company made the basis of the application has been subjected and is subject to the specific charge hereof as part of the Specifically Mortgaged Premises, free and clear of all prior mortgages and encumbrances (except Permitted Encumbrances and Minor Title Defects, if any,) and (ii) all deeds or other documents supplemental hereto, if any such deeds or documents in the opinion of such Counsel are necessary under the provisions of this Deed, containing all necessary provisions as to dates, maturities, rates of interest, forms, denominations, designations, place or places and mode of payment, numbers, interchange, redemption and sinking fund, if any, of such Additional Bonds, and as to all other relevant matters, have been duly executed by the Company and that all legal requirements in respect of the proposed issue of Additional Bonds have been met and that such Additional Bonds, when certified and issued, will be validly issued and will be valid obligations of the Company and, in accordance with their terms, secured by this Deed. The documents delivered to the Trustee pursuant to the foregoing provisions of this Section 6.4 shall serve for any one or more certifications and deliveries

(not to exceed the aggregate principal amount authorized) of Additional Bonds of the particular issue or series authorized by the Certified Resolution delivered pursuant to Section 6.4.1 made within fifteen (15) months of the adoption of the said Resolution provided that at the time of each subsequent certification and delivery of such Additional Bonds the Trustee shall be furnished with an Officers' Certificate establishing that at the time of and after giving effect to such certification and delivery the Company will not be, to the knowledge of the persons signing such certificate, in default in respect of any of the terms or covenants of this Deed.

6.5. Requirements of Issue in Anticipation of Property Additions. So long as Sections 6.2 and 6.3 are applicable, whenever the Company shall desire to issue Additional Bonds in anticipation of the acquisition by the Company, by construction, purchase or otherwise, of Additional Property, Additional Bonds authorized for issue for such purpose shall be certified and delivered by the Trustee to or to the order of the Company, upon the request of the Company evidenced by a Certified Resolution, as hereinafter provided, upon receipt by the Trustee of the documents hereinafter specified and of an amount of cash equal to the principal amount of the Additional Bonds so to be issued:

6.5.1. a Certified Resolution authorizing the issue of such Additional Bonds, requesting the certification thereof in the principal amount applied for, specifying that the Company desires to issue Additional Bonds in anticipation of the acquisition of Additional Property, specifying the person or persons to whom or to whose order such Additional Bonds shall be delivered, and the form or forms and denominations of the Additional Bonds to be issued and, if such Additional Bonds are not of a series theretofore created, designating the new series then to be created and specifying all essential particulars of such series;

6.5.2. an Officers' Certificate establishing in reasonable detail that the requirements of Section 6.2 have been met and subject to the provisions and for the purposes of that Section, stating (i) the aggregate principal amount of all outstanding Bonds; (ii) the Net Earnings of the Company for the Earnings Period selected; and (iii) the maximum annual interest requirements on all Bonds to be outstanding after the issue of the Additional Bonds proposed to be issued, and in all cases further stating that, to the knowledge of the persons signing the certificate, the Company is not in default in respect of any of the terms or covenants of this Deed;

6.5.3. a certificate signed by any two competent officers or employees of the Company, appointed for such purpose by a Certified Resolution (i)

describing briefly the Additional Property to be acquired as aforesaid and stating the estimated cost thereof, (ii) stating that the Fair Value of the Additional Property of the Company, computed for the purposes of Section 6.3, is not less than a specified amount and (iii) stating that the aggregate principal amount of all Additional Bonds to be outstanding after the proposed issue of Additional Bonds will not exceed the aggregate of (a) sixty per cent (60%) of the Fair Value of all Additional Property and (b) the estimated cost of the Additional Property so to be acquired;

6.5.4. a certificate signed by the Auditors similar to that prescribed in Section 6.4.4. hereof; and

6.5.5. an opinion of Counsel similar to that prescribed in item (ii) of Section 6.4.5 hereof.

6.6. **Withdrawal of Cash Deposited.** The cash deposited with the Trustee in anticipation of the acquisition of Additional Property as provided by the foregoing Section 6.5 shall, while remaining so deposited, constitute part of the Specifically Mortgaged Premises, but, so long as Sections 6.2 and 6.3 are applicable, shall be repaid to the Company by the Trustee upon the application of the Company from time to time upon filing the following documents with the Trustee:

6.6.1. a Certified Resolution requesting the repayment of the moneys so deposited with the Trustee;

6.6.2. a certificate signed by any two competent officers or employees of the Company, appointed for such purpose by a Certified Resolution stating (i) that the Additional Property referred to in Section 6.5.3. has been acquired, (ii) the Fair Value of such Additional Property, (iii) that either the moneys requested to be repaid are not in excess of Sixty per cent (60%) of the Fair Value of such Additional Property or the aggregate principal amount of all Additional Bonds outstanding is not in excess of Sixty per cent (60%) of the Fair Value of all Additional Property of the Company including such Additional Property, (iv) that such Additional Property conforms to the requirements of the definition of the said term as contained in this Deed, and (v) that, to the knowledge of the persons signing the certificate, the Company is not in default in respect of any of the terms or covenants of this Deed; and

6.6.3. an opinion of Counsel similar to that prescribed in item (i) of Section 6.4.5 hereof.

Provided, however, that, where such Additional Property is under construction, money so deposited with the Trustee in anticipation of the acquisition thereof

shall be repaid (to the extent hereinafter provided) to the Company by the Trustee upon the application of the Company from time to time to the extent of the amounts expended by the Company from time to time on such Additional Property which is under construction by it, provided that the Company shall have duly furnished the Trustee with:

6.6.4. an Officers' Certificate describing briefly the Additional Property under construction and stating that said Additional Property is to be wholly constructed on property which forms part of the Specifically Mortgaged Premises; and

6.6.5. a Certified Resolution requesting the Trustee, upon receipt by it of:

6.6.5.1. progress certificates or reports certified by any two competent officers or employees of the Company, appointed for such purpose by a Certified Resolution showing the amount of construction work which has been done from time to time, the amounts properly paid or payable in respect thereof, and the amounts due therefor to any contractor or contractors, if any, and stating either that the moneys being requested to be repaid are not in excess of Sixty per cent (60%) of the Fair Value of the Additional Property in the course of construction or that the aggregate principal amount of all Additional Bonds outstanding is not in excess of Sixty per cent (60%) of the Fair Value of all Additional Property including such Additional Property under construction; and

6.6.5.2. receipts or declarations in form satisfactory to the Trustee establishing the amounts of money paid by the Company to contractors, workmen, engineers, suppliers of materials or others in respect of such construction so shown to be properly paid or payable by such progress certificates or reports;

then the Trustee shall pay to or to the order of the Company money to the extent of Sixty per cent (60%) of the amounts so paid by the Company under said progress certificates.

6.7. Application of Surplus Moneys. In the event that the Company shall be unable to obtain, pursuant to the provisions of Section 6.6 the repayment of all the moneys deposited with the Trustee under that Section, such moneys not so repaid shall, upon the Company's request, be applied by the Trustee in the redemption *pro tanto*, of the Additional Bonds in respect of which such moneys were originally deposited, in accordance with the provisions of Article 8 at a price equal to the redemption price thereof for sinking fund purposes.

6.8. **Issue of Refunding Bonds.** Subject to any special covenants attaching to the Initial Bonds as provided for in Article 11 hereof, and to any special covenants to attach to any series of Additional Bonds, Additional Bonds may also be certified and issued hereunder from time to time (i) in the place of and in substitution for Bonds of any series previously issued and theretofore paid at or redeemed or purchased prior to maturity (otherwise than through operation of any sinking fund or out of insurance moneys or out of the proceeds of any released property), whether or not such Bonds have been cancelled; or (ii) to provide the Company with the means of refunding, redeeming, purchasing, paying or otherwise procuring the acquisition or cancellation by the Company of Bonds of any series then outstanding hereunder (said Bonds in substitution wherefor Additional Bonds are so to be issued and said Bonds to be so refunded, redeemed, purchased or paid being hereinafter in this Section referred to as the "Refunded Bonds"); and the Trustee shall from time to time certify and deliver to or to the order of the Company, upon the request of the Company evidenced by a Certified Resolution as hereinafter provided, Additional Bonds under this Section 6.8 in an aggregate principal amount not exceeding the aggregate principal amount of the Refunded Bonds, upon receipt by the Trustee of:

6.8.1. a Certified Resolution authorizing the issue of such Additional Bonds, requesting the certification thereof in the principal amount applied for, specifying the person or persons to whom such Additional Bonds shall be delivered and the form or forms and denominations of the Additional Bonds to be issued and, if such Additional Bonds are not of a series theretofore created, designating the new series then to be created and specifying all essential particulars of such series and also specifying the aggregate principal amount of the Refunded Bonds;

6.8.2. an Officers' Certificate stating to what extent the Refunded Bonds have been or are to be paid at maturity or have been or are to be redeemed or purchased prior to maturity and that any Refunded Bonds to be redeemed by call have been duly called for redemption in conformity with the provisions applicable thereto on a redemption date stated in such certificate;

6.8.3. in respect of Refunded Bonds previously issued and theretofore paid at or redeemed or purchased prior to maturity, evidence satisfactory to the Trustee that said Bonds have been so paid, redeemed or purchased and are no longer outstanding and also that no other Bonds are outstanding in substitution therefor;

6.8.4. in respect of Refunded Bonds which are to be paid at or redeemed prior to maturity, an amount in cash equal --

6.8.4.1. to the amount of all outstanding matured and unpaid Coupons pertaining to such Bonds; and

6.8.4.2. in the case of the payment of Refunded Bonds at maturity, to the total amount payable at maturity on such Bonds; or in the case of the redemption of Refunded Bonds prior to maturity, to the amount required for the redemption of such Bonds on the date fixed for redemption; and

6.8.5. an opinion of Counsel similar to that prescribed in item (ii) of Section 6.4.5. hereof.

6.9. Withdrawal of Cash Deposited. The cash deposited with the Trustee under Section 6.8.4. hereof shall constitute a trust for the benefit of the holders of the Refunded Bonds and shall be paid out by the Trustee from time to time as follows:

6.9.1. in cases where the Refunded Bonds are about to mature, said cash shall be made available by the Trustee for payment of such maturing Bonds upon the surrender thereof on or after maturity; or

6.9.2. in cases where the Refunded Bonds are to be redeemed prior to maturity, said cash shall be made available by the Trustee for payment of the Bonds so to be redeemed on the redemption date thereof.

6.10. Bonds Deemed Retired Where Cash Provided. Bonds in respect of which moneys have been paid or otherwise made available to the Trustee for the payment of such Bonds at maturity or upon redemption shall not be deemed to be outstanding Bonds for any purpose of Sections 6.2, 6.3 and 6.8 hereof.

6.11. No Additional Bonds When Default. Except with the consent of the Trustee, which may be given in its discretion at any time before the security hereunder has become enforceable and the Trustee has determined or become bound to enforce the same, no Additional Bonds shall be certified or delivered if the Company is at the time, to the knowledge of the Trustee, in default under any of the provisions of this Deed.

6.12. Trustee Not Bound to Make Enquiry. The Trustee, prior to the certification and delivery of any Additional Bonds under any of the provisions of this Deed, may but shall not be bound to, make any enquiry or investigation as to the correctness of the matters set forth in any of the resolutions, opinions, certificates or other documents required by the provisions hereof, but shall be entitled to accept and act upon the said resolutions, opinions, certificates and other documents.

ARTICLE 7

SPECIFIC MORTGAGE AND FLOATING CHARGE

7.1. **Specific Mortgage — Fixed Charge.** In consideration of the premises and of the sum of One dollar (\$1.00) to it in hand paid by the Trustee (the receipt whereof is hereby acknowledged) and in pursuance of every power and authority it thereunto enabling and for the purpose of securing the due payment in lawful money of Canada or other currency which the Bondholders may be entitled to receive of the aggregate principal amount of all the Bonds and of the interest thereon and of the premium, if any, payable on the Bonds and the payment of all other moneys due hereunder to the Bondholders and to the Trustee or its successors or assigns and to secure the performance of the obligations and covenants of the Company herein contained, the Company, as beneficial owner (subject to the exception as to leaseholds hereinafter contained) doth hereby grant, bargain, sell, convey, demise, assign, transfer, mortgage, pledge and charge, as and by way of a first fixed and specific mortgage, pledge and charge, to and in favour of the Trustee and its successors in the trust, as Trustee for the equal benefit of the Bondholders, for and with the payment of all principal moneys, premium, if any, interest and other moneys for the time being and from time to time owing on the security of this Trust Deed and of the Bonds, all and singular the real and immoveable properties and rights of the Company whether now owned or hereafter acquired by the Company and all its estate and interest therein, including its powers, rights and franchises, privileges, immunities and exemptions whether owned or enjoyed by the Company at the date hereof or hereafter acquired and wheresoever situate, and including lands and interest in lands, whether in fee or of lesser estate or leasehold, leases, tenements and hereditaments, buildings, erections, factories, mills, electric light, heat and power and gas plants, poles, wires, equipment, apparatus and machinery, plant tools, engines and other appliances and fixtures of every kind, and power stations, generating stations, substations, transmission lines, easements and profits *a prendre*, water powers, water rights, licenses, rights, privileges, franchises, powers, immunities and exemptions, and including but without in any way limiting the generality of the foregoing the real and immoveable property, franchises and rights of the Company mentioned or described in the Second Schedule of this Deed.

7.2. **Floating Charge.** And for the same consideration, and pursuant to the same powers, and for the same purposes (to wit, the securing of the payment in lawful money of Canada or other currency which the Bondholders may be entitled to receive of the aggregate principal amount of all the Bonds and of the interest thereon and of the premium, if any, payable on the Bonds and the payment of all other moneys due hereunder to the Bondholders and to the Trustee

or its successors or assigns and the performance of the obligations and covenants of the Company herein contained) the Company, as beneficial owner (subject to the exception as to leaseholds hereinafter contained) doth hereby grant, mortgage, transfer, assign and pledge and charge to and in favour of the Trustee its undertaking and all its remaining assets, property and rights for the time being, both present and future, of whatsoever kind and wheresoever situate (other than the Specifically Mortgaged Premises) including but without in any way limiting the generality of the foregoing, its goodwill, materials, supplies, tolls and rents, revenues, income, moneys, credits, stocks, shares and securities, choses in action, demands, open account, bank account, cash and other quick assets now owned or hereafter acquired, and the mortgage, pledge and charge created by this paragraph shall, except as regards the Specifically Mortgaged Premises, be a floating charge;

Provided that the floating charge contained in this Section shall in no way hinder or prevent the Company, at any time and from time to time, until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, but subject to the covenants and within the limitations contained in this Deed, or in any deed supplemental hereto, including without limitation Articles 10 and 11 hereof, from paying dividends out of profits or surplus available for dividends, or from selling, alienating, leasing, assigning or otherwise disposing of or dealing with the subject matters of such floating charge in the ordinary course of business or for the purpose of carrying on or extending the same, or from pledging, assigning or giving security or securities on the subject matter of such floating charge to any bank or banks under the Bank Act (Canada) or otherwise or, in the ordinary course of business, to others for present or future debts or liabilities (other than Funded Obligations) of the Company to such bank or banks or to such others and any such pledge, assignment, security or securities shall rank in priority to the said floating charge.

7.3. Exceptions to Charges. The specific charge and floating charge contained in Sections 7.1 and 7.2 hereof, in addition to being subject to the exceptions, reservations, restrictions and matters hereinabove in this Article 7 referred to, are further subject to:

7.3.1. Permitted Encumbrances,

7.3.2. Minor Title Defects, if any, and

7.3.3. such Purchase Money Mortgages as are permitted by Article 11 hereof.

7.4. Last Day of Leases Reserved. It is hereby declared that the last day of any term of years created by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Company in any province under the laws of which leases may validly be mortgaged or assigned by way of sublease or subdemise, and whether falling within the general or particular description of the Mortgaged Premises hereunder, is hereby and shall be excepted out of the security hereby or by any other instrument created, and does not and shall not form any part of the Mortgaged Premises, but the Company shall stand possessed of the residue of the term remaining in the Company of any leasehold interest for the time being demised as aforesaid, and of any right of renewal thereof, upon trust, for the Trustee, for the purposes of these presents, and to assign and dispose thereof as the Trustee shall for such purpose direct, and upon any sale or lease made under or pursuant to the powers herein contained of any leasehold interest, or any part thereof, forming part of the Mortgaged Premises, the Trustee, or the Company on behalf of the Trustee, shall, for the purpose of vesting the aforesaid residue of any such term or any renewal thereof in any purchaser or purchasers thereof, be entitled by deed or writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid residue and any renewal of any such term, in the place of the Company, and to vest the same accordingly in the new trustee or trustees so appointed, freed and discharged from any obligation regarding the same.

7.5. Habendum. To have and to hold the Mortgaged Premises and the mortgages, pledges and charges thereof hereunder and all rights hereby conferred unto the Trustee, its successors and assigns, forever, but in trust nevertheless for the equal and rateable benefit and security of the holders of all the Bonds and Coupons issued and to be issued hereunder (except as to sinking funds pertaining exclusively to any particular series) without any preference or priority of any of said Bonds or Coupons over any others thereof by reason of priority in the time of issue or negotiation thereof or otherwise howsoever, and subject to the conditions, covenants, stipulations and provisions herein expressed.

7.6. Charges Effective in Anticipation. The mortgages, pledges and charges hereby made and created shall be and be deemed to be effective and to have effect whether or not the consideration thereby secured shall be received before or after or at the same time as the issue of any of the Bonds intended to be hereby secured, or before or after or upon the date of the execution of these presents.

7.7. Additional Documents — Covenant to Charge Future Property. The Company shall from time to time, execute and do, or cause to be executed and done, all deeds, documents and things which in the opinion of Counsel are

necessary or advisable to give the Trustee (so far as may be possible under the local laws of the places where the Mortgaged Premises are situate) a valid first fixed and specific mortgage, pledge and charge on and of the Specifically Mortgaged Premises and a valid floating charge of the nature herein specified upon the residue of the Mortgaged Premises, whether now owned or hereafter acquired, intended to be included therein, for and to secure the payment of all principal moneys, premium, if any, and interest for the time being, and from time to time, owing on the security of these presents and the Bonds and all other moneys intended to be secured by these presents, and for conferring upon the Trustee such powers of sale and other powers over such premises respectively as are hereby expressed to be conferred; the whole subject to the provisions of this Deed.

7.8. Pledged Securities. When any shares, bonds, debentures or other securities of Subsidiaries or otherwise are to be pledged and charged hereunder as part of the Specifically Mortgaged Premises the Company shall deliver the same to the Trustee provided that the Trustee shall permit the transfer from time to time of so many of such shares as may be necessary to qualify persons to act as directors of the said Subsidiaries or as other officers thereof, upon such terms and conditions, if any, as the Trustee may be advised by Counsel are practicable under the laws governing such Subsidiaries respectively, for the purpose of assuring that such qualifying shares shall, so far as legally possible, remain part of the Specifically Mortgaged Premises and subject to the provisions hereof. All stock certificates and registered securities delivered to the Trustee shall, if not registered in the name of the Trustee or of its nominee, be duly endorsed for transfer. The Trustee may from time to time, but shall be under no obligation to, transfer into its name, as Trustee, or into the name of its nominee or nominees, any or all shares so pledged hereunder or so transferred (except qualifying shares) and may cause all or any shares, bonds, debentures or other securities held by it hereunder to be registered in its name or the name of its nominee or nominees. The Trustee shall be under no obligation to accept a stock certificate or any bond, debenture or other security of any Subsidiary, or to cause, or permit, a transfer thereof to be made into its name, if, in the opinion of the Trustee, such acceptance or transfer might involve or render it liable to be subjected to any liability or expense unless the Trustee receive Trustee's Indemnification.

7.9. Right to Vote Pledged Securities. Unless and until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, the Company shall have the right to vote all shares, bonds, debentures or other securities pledged and charged hereunder as part of the Specifically Mortgaged Premises with the same force and effect as

though they were not so pledged or transferred; and from time to time, in case the same shall have been transferred into the name of the Trustee or its nominee or nominees, the Trustee, on request of the Company evidenced by a Certified Resolution, shall execute and deliver, or cause to be executed and delivered, to the Company suitable proxies or voting powers in favour of the Company's nominee or nominees for voting, and otherwise facilitate the voting of any such shares, bonds, debentures or securities.

7.10. Right to Income on Pledged Securities. Unless and until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, the Company shall be entitled to receive all interest paid upon any bonds, debentures or other securities or mortgages forming part of the Specifically Mortgaged Premises and, subject to the provisions of Section 7.11, all dividends paid or declared in respect of any shares comprised in the Specifically Mortgaged Premises and, from time to time, upon the written request of the Company, the Trustee shall deliver to the Company, as they mature, the coupons for such interest, in order that the Company may receive payment thereof for its own use, and shall deliver to the Company, if necessary, suitable orders in favour of the Company or its nominee or nominees for the payment of such interest and dividends, and the Company may collect such interest and dividends, and the Trustee shall at once pay over to the Company any such interest and dividends which may have been collected or received by it.

7.11. Right to Capital Sums on Pledged Securities. Subject to the provisions of Article 8, the Company shall not be entitled to receive and the Trustee shall not pay over to the Company the principal or redemption price (exclusive of accrued dividends or interest) of any securities or mortgages comprised in the Specifically Mortgaged Premises, nor any stock dividends on any shares comprised in the Specifically Mortgaged Premises nor such cash dividends on any such shares as may become payable upon or in the course of the dissolution, liquidation or winding up of any Subsidiary and which shall be the proceeds of or chargeable to or payable out of capital or which in any other way shall be the proceeds of or chargeable to or payable out of capital. Any such principal or redemption price, stock dividends and cash dividends chargeable to or payable out of capital received by the Company shall forthwith be paid over or delivered to the Trustee without demand. In the event that the Trustee shall have permitted any such securities to remain registered in the name of the Company, the Company covenants to furnish to the Trustee on demand suitable orders for the payment to the Trustee of any such principal or redemption price or cash dividends which represent proceeds of or are chargeable to or payable out of capital or for the

issue in the name of the Trustee or its nominee or nominees, and the delivery to the Trustee, of any such stock dividends.

7.12. Trustee May Protect Pledged Security. The Trustee may, in its discretion, protect the property which underlies or is charged or affected by any of the shares, bonds, debentures or other securities that may from time to time be pledged hereunder by instituting or joining in judicial proceedings, by the purchase at judicial sale of such property, by joining in any reorganization of such property or of the Subsidiaries owning the same or in any other manner which the Trustee may deem expedient.

ARTICLE 8

RELEASE OF MORTGAGED PREMISES

8.1. General Provisions. Until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same pursuant to the provisions of this Deed:—

8.1.1. Obsolete Property. The Company may at any time, while not in default hereunder and without the consent of the Trustee, remove, destroy, dismantle, sell or otherwise dispose of tangible property comprised in the Specifically Mortgaged Premises, which are not necessary to or useful in connection with the business and undertaking of the Company or which have become worn out, obsolete or damaged or otherwise unsuitable for its purposes, if it shall substitute therefor, free from prior charges, except Permitted Encumbrances and Minor Title Defects, if any, and such Purchase Money Mortgages as are permitted by Article 11 hereof, property of equal Fair Value, provided that the Company shall not under this provision sell or otherwise dispose of in any period of twelve (12) consecutive calendar months property of an aggregate Fair Value exceeding the sum of Five hundred thousand dollars (\$500,000), nor in any one transaction property having a Fair Value exceeding the sum of One hundred thousand dollars (\$100,000). The Company shall on the demand of the Trustee, render to the Trustee an account of the property so removed, destroyed, dismantled, sold or otherwise disposed of and a description of the property so substituted including a statement by the Company showing the particulars of the Fair Values of such property so sold or disposed of and of such property so substituted. Nothing contained in this Section 8.1.1. shall be construed as limiting or otherwise affecting the Company's rights to deal freely in accordance with the provisions of this Deed with such of its property and assets as are not comprised in the Specifically Mortgaged Premises.

8.1.2. **Other Property No Longer Necessary.** The Company may sell or otherwise dispose of any property (provided that no sale or disposal of shares, bonds, debentures or other securities of a Subsidiary shall be made unless all the shares, bonds, debentures and other securities of such Subsidiary owned by the Company shall be disposed of and released at the same time) at any time comprised in the Specifically Mortgaged Premises or may grant real rights in respect thereof and the Trustee shall release such property or real rights from the charge hereof upon receipt by the Trustee of:

8.1.2.1. a Certified Resolution requesting such release;

8.1.2.2. an Officers' Certificate stating in substance (i) that the retention of such property or real rights is no longer necessary or advantageous in the conduct of the business of the Company, that, in view of the consideration to be received for such sale, disposal or grant, the security hereby created will not be impaired by such release and that such sale, disposal or grant is, in the opinion of the signers, in accordance with the provisions of this Section 8.1, (ii) that the Company has sold or otherwise disposed of or granted, or contracted to sell or otherwise dispose of or grant, the property or real rights in question for a consideration representing, in the opinion of the signers, not less than the Fair Value thereof, which consideration may be cash, payable as to the whole forthwith or as to part forthwith and as to the balance at a future date or dates, provided that in the latter case the total amount payable at a future date or dates shall not exceed two-thirds of the total consideration and that payment thereof shall be secured by a first mortgage, or lien in favour of the Company upon the property sold or disposed of; or in lieu of cash, Additional Property; or partly cash as aforesaid and partly Additional Property; and in each case such consideration shall be described in reasonable detail in such certificate, and (iii) such sale, other disposition or grant is not prejudicial to the holders of the Bonds at the time outstanding hereunder;

8.1.2.3. if requested by the Trustee in any particular case or cases, the certificate of an independent appraiser, satisfactory to the Trustee, appraising the market value of the property or real rights to be sold or otherwise disposed of or granted and, if Additional Property is included in the consideration to be received by the Company on such sale, disposal or grant, appraising the market value of such Additional Property;

8.1.2.4. a sum of money (less reasonable commissions and expenses payable in relation to such sale, disposal or grant) equal to that, if any,

stated in the Officers' Certificate mentioned in Section 8.1.2.2. hereof to be payable forthwith, and an assignment to the Trustee of the balance owing, if any, and mentioned in said Officers' Certificate to be payable at a future date or dates and an assignment to the Trustee of the mortgage or lien securing the payment of such unpaid balance;

8.1.2.5. such further sum of money, if any, as may be required in any case in which the Trustee has requested the certificate of an independent appraiser, as hereinbefore provided, to bring the total amount or consideration received by the Trustee upon such release up to the amount fixed by such appraiser as the market value of the property or real rights to be released; and

8.1.2.6. an opinion of Counsel that (i) the Additional Property forming or included in the consideration for the said sale or other disposal or grant is subject to the specific charge hereof as part of the Specifically Mortgaged Premises free and clear of all prior mortgages and encumbrances, (except Permitted Encumbrances and Minor Title Defects, if any) and (ii) if cash forms or is included in the consideration and any thereof remains to be paid at a future date or dates, to the effect that the payment of such balance is secured in favour of the Company by a valid first mortgage or lien and that such balance has been duly assigned to the Trustee by a valid assignment and that any such mortgage or lien has also been so assigned to the Trustee as part of the Specifically Mortgaged Premises.

Provided that if a sum of money equal to the Fair Value of the property or real rights for which release is requested, or equal to the appraised value thereof if an appraisal is requested by the Trustee, is deposited with the Trustee in cash, then no opinion of counsel shall be required.

8.1.3. Exception for Minor Releases. Notwithstanding the provisions of Section 8.1.2. if the tangible property or real rights for which release is requested have a Fair Value of not in excess of \$25,000 with respect to any one request and \$100,000 with respect to all requests in any one fiscal year of the Company, the Trustee shall release such property or real rights from the charge hereof upon receipt by the Trustee of an Officers' Certificate alone and containing such request; provided such Officers' Certificate further states that, after giving effect to the release of such property or real rights, the aggregate principal amount of all Bonds then outstanding shall be not in excess of sixty per cent (60%) of the aggregate Fair Value of all property or Additional Property charged under the provisions of this Deed.

8.1.4. Additional Property Not To Be Used Twice. Additional Property which shall have been used as the basis for the release of any property or real rights or the withdrawal of any moneys from the Trustee under any provisions of this Deed or which shall have been purchased or acquired with any insurance money shall not again be used for any of such purposes, except that Additional Property purchased or acquired with any insurance money in replacement of property damaged or destroyed may, subject to the provisions of this Deed, be used for any of such purposes if the property so damaged or destroyed could have been but had not been used for any such purpose prior to such damage or destruction.

8.2. Release After Default. After the security hereby constituted has become enforceable and the Trustee has determined or become bound to enforce the same, the powers hereinbefore conferred by this Article 8 upon the Company shall not be exercised, except with the approval of the Trustee.

8.3. Release After Receivership. In case the Mortgaged Premises shall be in the possession of a receiver or manager or other similar officer, lawfully appointed, the powers hereinbefore conferred by this Article 8 upon the Company may be exercised with the approval of or by such receiver or manager or other similar officer in his discretion or, if the Trustee shall be in possession of the Mortgaged Premises under any provision of this Deed, then such powers may be exercised with the approval of or by the Trustee in its discretion.

8.4. Charging New Property. Any property acquired by the Company to take the place of any property or real rights released hereunder shall forthwith and without further conveyance become subject to the specific charge of this Deed, but the Company shall execute in favour of the Trustee such proper deeds of mortgage, pledge and charge upon the trusts and for the purposes of this Deed as the Trustee may require.

8.5. Trustee To Be Satisfied. The resolutions, certificates, declarations, instruments and opinions hereinbefore in this Article 8 provided for shall be full authority to the Trustee for giving any release as aforesaid; but before giving any such release the Trustee may in its discretion, and shall, upon receipt of a Bondholders' Instrument and Trustee's Indemnification (unless it has already requested and received, pursuant to any provision of Section 8.1, the certificate of an independent appraiser), cause to be made such independent investigations as it may see fit, and the expense thereof shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company upon demand with interest after demand at the rate of Seven per cent (7%) per annum. If, upon such independent investigation, the Trustee considers that any statement or opinion con-

tained in any such resolution, certificate, declaration, instrument or opinion is not sufficiently substantiated, it may refuse to release the property or real rights in question until such statement and opinion is substantiated to the satisfaction of the Trustee.

8.6. Special Release Provisions. In addition to the powers conferred by the foregoing provisions of this Article 8 and notwithstanding that any of the provisions in this Deed contained may deal with or apply to any of the matters or things which the Trustee is by this Section 8.6 authorized to do or concur in, the Trustee may at any time and from time to time upon the application and at the cost of the Company and without any consent of the Bondholders (but only if and so far as in the Trustee's opinion the interests of the Bondholders shall not be materially prejudiced thereby) do or concur in doing all or any of the things following, namely:

8.6.1. Sell or grant options to purchase all or any of the Specifically Mortgaged Premises on such terms as it may think expedient with power to sell or grant options to purchase for shares, stock, debenture stock, bonds or other securities or obligations of any company (whether promoted or controlled by the Company or not) or for a sum on account and a mortgage or other security for the balance and in particular any premises which are no longer required for the purposes of the Company's business or which it may be advantageous to sell, and the Trustee shall be entitled to accept as conclusive evidence a Certified Resolution that any part or parts of the Mortgaged Premises are no longer required for the purpose of the Company's business or that it is advantageous to sell the same. And it is hereby declared that the Trustee may give to the Company a general authority to sell or dispose of any part or parts of the Specifically Mortgaged Premises at not less than some minimum price or rate to be fixed by the Trustee and may give to the Company an undertaking to concur in any sale so made with some specified party and the Trustee may from time to time vary the minimum price or rate fixed by it as aforesaid;

8.6.2. Lease any of the Specifically Mortgaged Premises for any term and either in possession or reversion or on any conditions and either with or without the payment of a premium;

8.6.3. Exchange any of the Specifically Mortgaged Premises for other property real or personal not owned or held by the Company at the date of this Deed and whether at the time included in the floating charge hereby created or not, and with or without payment or receipt of money or securities for equality of exchange;

8.6.4. Surrender all or any of the Specifically Mortgaged Premises either with or without consideration and on any terms which may seem expedient;

8.6.5. Set out, appropriate, dedicate and grant any part of the Specifically Mortgaged Premises for the purposes of roads, ways, railways, canals, watercourses, gardens, places of amusement, sites for churches, chapels, schools and other purposes public or private which may seem expedient;

8.6.6. Release any part of the Specifically Mortgaged Premises upon which the Company may desire to erect or to procure other persons to erect buildings and dwellings for occupation by the Company's employees with a view to enabling the erection of such buildings to be financed by the Company by means of one or more building schemes or otherwise as may seem advisable;

8.6.7. Effect any dealing whatever with any of the Specifically Mortgaged Premises which the Trustee may consider necessary or desirable for carrying out any scheme approved by it for the reorganization, reconstruction or amalgamation of the Company or of any other company or for the merger of all or any of the assets of the Company or any other company in any other company;

8.6.8. Waive any defaults that may have arisen in respect of any shares or securities which may at any time form part of the Specifically Mortgaged Premises;

8.6.9. Assent to the modification of any rights, privileges, licences, leases, franchises, contracts, agreements or arrangements forming or which may be subsisting in respect of any part of the Specifically Mortgaged Premises;

8.6.10. Exercise or permit the Company or any nominee of the Company to exercise any powers or rights incident to the ownership of any of the Specifically Mortgaged Premises in such manner as the Trustee may think fit;

8.6.11. Permit the Company or any nominee of the Company to receive any of the Specifically Mortgaged Premises or the documents of title thereto on an undertaking to deal with the same in a specified manner;

8.6.12. Release any of the Specifically Mortgaged Premises which in the opinion of the Directors as evidenced by a Certified Resolution are

unprofitable or a source of loss or damage to the Company or have become unfit or unnecessary or no longer required for use in connection with the business and operations of the Company;

8.6.13. Release any of the Specifically Mortgaged Premises from the trusts and provisions hereof relating solely to the Specifically Mortgaged Premises upon the Company vesting in the Trustee or specifically mortgaging or charging in its favour other property not owned or held by the Company at the date of this Deed (whether at the time covered by the floating charge hereby created or not) which shall in the opinion of the Trustee be of equal value to the property released;

8.6.14. Permit the Company to dismantle, remove and dispose of free from the mortgages and charges created by or pursuant hereto, all works, machinery, plant and equipment which may at any time form part of the Specifically Mortgaged Premises and which has in the opinion of the Directors become worn out, obsolete or no longer suitable for the purposes of the Company upon the Trustee being satisfied that the same has either been replaced or renewed or will in due course be replaced or renewed by other suitable works, machinery, plant or equipment of equal value, or that such replacement or renewal is not necessary for the proper conduct of the Company's business;

8.6.15. Settle, adjust, refer to arbitration, compromise and arrange all accounts, reckonings, controversies, questions, claims and demands whatsoever in relation to any of the Specifically Mortgaged Premises;

8.6.16. Execute and do all such contracts, deeds, documents and things and bring, defend and abandon all such actions, suits and proceedings in relation to any of the Specifically Mortgaged Premises as may seem expedient;

8.6.17. Subject to the provisions of Section 7.9, vote or otherwise act with respect to all bonds, debentures, shares and other securities forming part of the Specifically Mortgaged Premises as the Trustee may determine and take such steps as the Trustee may think expedient to protect the properties belonging to any company any of whose bonds, debentures, shares and securities form part of the Specifically Mortgaged Premises, including, instituting or joining in judicial proceedings or the purchase at judicial sale of any such properties or joining in any plan or scheme for the reorganization or reconstruction of such company;

8.6.18. Generally act in relation to the Specifically Mortgaged Premises in such manner and on such terms as to the Trustee may seem expedient in the interests of the Bondholders.

Nothing contained in this Section 8.6 shall be deemed to limit or restrict in any manner the rights of the Company under Section 8.1 of this Deed.

All considerations arising from any dealing with the Specifically Mortgaged Premises under this Article 8 shall be received by the Trustee and form part of the Specifically Mortgaged Premises hereunder and any moneys arising therefrom shall be dealt with as prescribed in Article 9 hereof.

The powers exercisable by the Company with the consent of the Trustee as in this Section 8.6 provided with respect to the Specifically Mortgaged Premises shall also extend to and include the Mortgaged Premises other than the Specifically Mortgaged Premises wherever under the provisions of this Deed the Company would not otherwise have the right to act in the manner proposed.

8.7. Release on Expropriation. In the event of any taking of any part of the Specifically Mortgaged Premises by power of eminent domain or condemnation or other similar power, or of any sale or conveyance by the Company in lieu of such taking and in reasonable anticipation thereof where proceedings therefor might lawfully be exercised to vest such property in the grantee for the same purposes, or in the event that Canada or any Province thereof or municipality therein or other authority shall at any time exercise any right which it may have to acquire any part of the Specifically Mortgaged Premises, the Trustee may release the property so taken or acquired upon the deposit with the Trustee of a sum equal to (i) the net proceeds of any such taking or exercise of such right of acquisition, or (ii) in a case of sale in anticipation of such taking, the net proceeds of such sale or the Fair Value of the property to be released, whichever is greater. The Trustee shall hold such sum upon the same terms and conditions as in this Deed provided in respect of moneys received by the Trustee upon releases of property comprised in the Specifically Mortgaged Premises. The Trustee shall be fully protected in giving such release upon being furnished with an opinion of Counsel to the effect that such property has been lawfully taken or sold as aforesaid and, in case of any such sale in anticipation, upon being also furnished with a Certified Resolution stating that, in the opinion of the Directors, such sale was in lieu of and in reasonable anticipation of such taking and was for the best interests of the Company having in view such forcible taking.

8.8. Rights Cumulative. No power, right or discretion conferred by this Article 8 upon the Trustee is intended to be exclusive of any other power, right or discretion, but each and every such power, right and discretion shall be cumulative and the Trustee shall be entitled at any time and from time to time to exercise any one or more of such powers, rights or discretions or any combination of them, and the exercise of any one or more of such powers, rights or

discretions, or any combination of them, from time to time shall not be deemed to exhaust the right of the Trustee to exercise such powers, rights or discretions, or combination of them, thereafter from time to time.

8.9. **Purchaser Need Not Enquire.** No purchaser in good faith of property or real rights purporting to be released hereunder, and no registrar of any property charged hereunder shall be bound to ascertain the authority of the Trustee to execute the release or to enquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser of any other property or registrar be under any obligation to ascertain or enquire into the occurrence of any event on which any sale is hereby authorized.

ARTICLE 9

APPLICATION OF MONEY RECEIVED BY THE TRUSTEE

9.1. **Release of Moneys by Trustee.** Subject to the provisions of Section 9.4 hereof, all moneys received by the Trustee as proceeds of any property or real rights sold or released or of property, or any interest therein, taken by power of eminent domain or under any condemnation or expropriation proceedings, or upon the redemption, maturity or payment in whole or in part of any shares, bonds, debentures or other securities forming part of the Specifically Mortgaged Premises or under any other provision of Article 8, or under the provisions of Section 9.2 hereof and not dealt with as therein provided, shall be held by it as part of the Specifically Mortgaged Premises, subject to the rights of the Company to receive from the Trustee and to apply any such moneys in reimbursement of expenditures made or in discharge of indebtedness incurred by the Company for Additional Property but only to the extent of the Fair Value of such Additional Property provided that in all such cases the Company shall only be entitled to receive and apply such moneys as herein provided upon receipt by the Trustee of:

9.1.1. a Certified Resolution requesting the payment of such money by the Trustee;

9.1.2. an Officers' Certificate describing briefly the Additional Property acquired, with approximate dates of acquisition, and the cost thereof and stating (i) the Fair Value of such Additional Property; (ii) that such Additional Property conforms to the requirements specified in the definition of that term as set forth in Section 1.1 and that the requirements of Section 8.1.4. have been complied with; and (iii) that, to the knowledge of the persons signing the certificate, the Company is not in default in respect of any of the terms or covenants of this Deed;

9.1.3. a certificate signed by the Auditors showing the amount of expenditures made or indebtedness incurred by the Company or by a Subsidiary for the Additional Property so acquired and certifying that the requirements of Section 8.1.4. have been met; and

9.1.4. an opinion of counsel similar, *mutatis mutandis*, to that prescribed in Section 6.4.5 hereof.

9.2. **Application of Insurance Moneys.** Subject to the provisions of Section 9.4, all moneys received by the Trustee from insurance shall be held by it as part of the Specifically Mortgaged Premises, subject to the right of the Company, the exercise of which shall be evidenced by a Certified Resolution filed with the Trustee, to receive from the Trustee and apply any such moneys in reimbursement of expenditures made or in discharge of indebtedness incurred by the Company in repairing, rebuilding or reconstructing, if necessary for the efficient operation of the Company's business, the property damaged or destroyed in respect of which the insurance moneys became payable upon furnishing to the Trustee (i) an Officers' Certificate certifying as to the expenditures made or indebtedness incurred by the Company for any of the purposes aforesaid and stating that the Company is not in default hereunder and (ii) an opinion of Counsel that the property as so repaired, rebuilt or reconstructed has become subject to the specific charge hereof free and clear of all prior mortgages and encumbrances (except Permitted Encumbrances and Minor Title Defects, if any) as a first lien or charge and as part of the Specifically Mortgaged Premises, and such Officers' Certificate and opinion shall be full warrant of authority and protection to the Trustee for action on the faith thereof.

9.3. **Exception for Minor Releases.** Notwithstanding the provisions of Sections 9.1. and 9.2., if the request for the payment of such sum of money concerns a sum of money of less than \$25,000 with respect to any one request and \$100,000 with respect to all requests in any one fiscal year of the Company, the Trustee shall be entitled to pay such sum or sums to the Company upon receipt by the Trustee of an Officers' Certificate alone and containing such request provided, in the case of a release of moneys that would, were it not for this exception, come under the provisions of Section 9.1. hereof, such Officers' Certificate shall further state that, after giving effect to the release of such moneys, the aggregate amount of Bonds then outstanding shall be not in excess of sixty per cent (60%) of the aggregate Fair Value of all property or Additional Property charged under the provisions of this Deed.

9.4. **Moneys Not Applied For.** Any moneys not applied for by the Company pursuant to the provisions of Sections 9.1 and 9.2 hereof and any other

moneys (other than moneys representing revenue) in the hands of the Trustee respecting the application of which no particular provision has been made in this Deed, may, at the request of the Company evidenced by a Certified Resolution filed with the Trustee, be invested or dealt with as provided in Article 14 in the name or under the control of the Trustee as part of the Specifically Mortgaged Premises, with power to the Trustee from time to time to vary and realize such investments and with power to the Company from time to time to require such realization and to employ the proceeds of realization from time to time pursuant to the provisions of Sections 9.1 and 9.2, or either of them, and such investments until realized shall be held by the Trustee upon trust, until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, and the income therefrom paid to the Company.

9.5. Release After Default. No application of moneys under Sections 9.1, 9.2, 9.3 or 9.4 shall be made, except with the consent of the Trustee, at any time when the Company is, to the knowledge of the Trustee, in default under any of the provisions of this Deed.

9.6. No Novation. In no case shall receipt by the Trustee of any of the moneys referred to in Sections 9.1 and 9.2 be deemed to be a payment on account of the Bonds, nor shall the security hereby created be lessened, novated or in any other way affected by reason of any such receipt, any law, usage or custom to the contrary notwithstanding, nor shall any Bonds be issued hereunder on account of any property acquired with any such moneys.

ARTICLE 10

GENERAL COVENANTS

The Company hereby covenants and agrees:

10.1. Title to Mortgaged Premises. That it lawfully owns and is lawfully possessed of the property described or referred to in the Second Schedule hereof and that it has good right and lawful authority to mortgage, pledge, charge, cede and transfer the same as provided in and by this Deed; that said property is free and clear of any charges or encumbrances ranking in parity with or prior to the specific lien of this Deed except Permitted Encumbrances and Minor Title Defects and such Purchase Money Mortgages as are permitted by Article 11 hereof; and that it will warrant and defend the title to said property, and every part thereof, as well as to all other property, rights, shares, bonds, debentures

and other securities hereafter acquired by the Company and for the time being and from time to time forming part of the Specifically Mortgaged Premises, for the benefit of the Trustee, its successors in the trust and its assigns, and for the benefit of the Bondholders, against the claims and demands of all persons whomsoever.

10.2. To Maintain and Operate. That, subject to the express provisions hereof, it will diligently maintain, use and operate, or will cause to be diligently maintained, used and operated, the Mortgaged Premises and the properties and plants of its Subsidiaries and will carry on and conduct, or cause to be carried on and conducted, its business and that of each of its Subsidiaries in a proper and efficient manner so as to preserve and protect the Mortgaged Premises and the earnings, incomes, rents, issues and profits thereof 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 dealings and transactions in relation to its business and that of each of its Subsidiaries and at all reasonable times furnish, or cause to be furnished, to the Trustee, or its duly authorized agent or attorney, such information relating to its business and that of its Subsidiaries as the Trustee may reasonably require, and such books of account shall at all reasonable times be open for inspection by the Trustee or such agent or attorney as the Trustee shall from time to time by instrument in writing for that purpose appoint; provided, however, that nothing herein contained shall prevent the Company from ceasing to maintain, use and operate or to cause to be maintained, used or operated any plant or other property of the Company or of any Subsidiary if in the opinion of the Directors it shall be advisable and in the best interests of the Company to do so.

10.3. To Pay Principal, Premium and Interest. That it will well, duly and punctually pay or cause to be paid to every Bondholder the principal, premium, if any, and interest accrued on the Bonds of which he is the holder on the dates, at the places, in the moneys and in the manner mentioned or provided for herein and in the Bonds and in the Coupons, if any, attached to the Bonds and that it will duly pay or cause to be paid to the holder of every Coupon the interest represented thereby, in accordance with its terms, subject however to Section 13.6 hereof.

10.4. To Pay Taxes, etc. That it will from time to time pay or cause to be paid all rents, taxes, rates, levies, assessments, ordinary or extraordinary, government fees or dues lawfully levied, assessed or imposed upon or in respect of the Mortgaged Premises or any part thereof or upon the properties of any Subsidiary or any part thereof or upon the income and profits of the Company or any Sub-

sidiary as and when the same become due and payable, and that it will exhibit or cause to be exhibited to the Trustee when required the receipts and vouchers establishing such payment, or will furnish the Trustee annually with a certificate of the Auditors that all such rents, taxes, rates, levies, assessments, fees and dues have been duly paid, and will duly observe and conform to all valid requirements of any governmental authority relative to any of the property or rights at any time covered hereby, and all covenants, terms and conditions upon or under which any property or rights covered hereby are held; provided, however, that the Company or any Subsidiary shall have the right to contest by legal proceedings any such rents, taxes, rates, levies, assessments, government fees or dues, and, upon such contest, may delay or defer payment or discharge thereof, if it shall satisfy the Trustee and, if required, furnish security satisfactory to the Trustee that such contestation will involve no forfeiture of any property of the Company or any Subsidiary.

10.5. To Register. That, with all convenient speed after the execution of this Deed, it will register these presents at every office where, in the opinion of Counsel, the registration or recording thereof may by law be required to secure or to perfect the charge hereof upon the present or future property intended to be covered hereby and also wherever else, in the judgment of the Trustee, it may be of advantage or necessary to the security hereby created, and that it will deliver or exhibit to the Trustee on demand, certificates establishing such registration, and the same from time to time renew, if such renewal is necessary, in the opinion of the Trustee, to effectuate or maintain the security hereby created.

10.6. To Maintain Security. That it will fully and effectually maintain and keep maintained the security hereby created as a valid and effective security at all times so long as any Bonds are outstanding hereunder and that it will not, save as herein permitted, permit or suffer the registration of any lien, privilege or charge of workmen, builders, contractors, architects or suppliers of material upon or in respect of the Specifically Mortgaged Premises or any part thereof which would rank prior to or *pari passu* with the lien of this Trust Deed; provided that the registration of any such lien, privilege or charge shall not be deemed to be a breach of this covenant if the Company shall desire to contest the same and shall give security to the satisfaction of the Trustee for the due payment or discharge of the amount claimed in respect thereof in case it shall be held to be a valid lien, privilege or charge, subject always to Section 11.15 hereof.

10.7. To Renew Leases, Licences, etc. That if and whenever from time to time so long as any of the Bonds shall be outstanding and unpaid the Company shall be entitled to, or would but for this Deed be entitled to, obtain a renewal or renewals of any leases, operating agreements, licenses, concessions, franchises

or agreements or to obtain any new lease or leases of any premises leased to the Company or to obtain any new operating agreements, licenses, concessions, franchises or agreements, it will from time to time duly exercise all and every such right of renewal or otherwise, if deemed valuable to the Company, and will obtain such new leases, operating agreements, licenses, concessions, franchises or agreements for the longest time or times if advantageous, and upon the most favourable terms obtainable, including all rights of further renewal, and will, if the leases, operating agreements, licenses, concessions, franchises or agreements being renewed form part of the Specifically Mortgaged Premises, from time to time forthwith assign all such leases, operating agreements, licenses, concessions, franchises or agreements so renewed to the Trustee saving and excepting the respective last days of any terms of leases thereby granted which shall be held by the Company for the purposes and in the manner hereinbefore in Article 7 provided.

10.8. Not to Remove or Destroy. That, except in the ordinary or usual course of its business or as permitted under the provisions of Article 8 of this Deed, the Company will not, without the previous consent in writing of the Trustee, remove or destroy any of the buildings or any structure whatsoever comprised in the Specifically Mortgaged Premises or the plants, machinery, equipment or fixtures attached or appertaining thereto. The Company may, until the security hereunder becomes enforceable and the Trustee shall have determined or become bound to enforce the same, without the consent of the Trustee, remove machinery, plant or equipment from one part of the Specifically Mortgaged Premises to another and may discontinue the operation of any particular part thereof which it may consider unprofitable or disadvantageous to continue in operation.

10.9. To Repair. That it will at all times preserve, repair and keep in repair and good order and condition, or cause to be so preserved, repaired and kept in repair and good order and condition, up to a modern standard of usage, all buildings, works, erections, machinery and plant used in or in connection with its business or that of any Subsidiary and which the Company considers necessary for the efficient operation thereof, and renew and replace, or cause to be renewed and replaced, all and any of the same which may become worn, dilapidated, unserviceable, inconvenient or destroyed, even by a fortuitous event, fire or other cause and at all reasonable times allow the Trustee or its representatives access thereto in order to view the state and condition the same are in; provided, however, that in respect of any plant or other property which, as permitted under the provisions of this Deed, the Company or a Subsidiary shall have ceased to operate or cause to be operated, the Company or a Subsidiary shall be under the obligation to repair and keep such plant or other property, or to cause it to

be repaired or kept in repair and good order and condition to the extent only that the Directors may consider advisable in the best interests of the Company.

10.10. To Insure. That it will insure and keep insured, or cause to be insured and kept insured, the buildings, plant and all other property which are of an insurable nature comprised in the Mortgaged Premises against loss or damage by fire or other hazards for an amount not less than the actual replacement cost thereof less physical depreciation as determined by an Officers' Certificate, but only against such fire or other hazards ordinarily encountered in the conduct of its affairs and only to such extent and in such manner as is usual in the case of companies similarly situated and operating generally similar properties, and either in such insurance companies as the Directors may select, including mutual companies and associations of underwriters in Canada or elsewhere, and duly and seasonably pay or cause to be paid the premiums and other sums of money payable for that purpose and assign the contracts of insurance affecting any property comprised in the Specifically Mortgaged Premises or make the insurance money payable to the Trustee as its interest may appear for the benefit of the Bondholders, the whole in such manner that the insurance moneys available may be collected by the Trustee and be applied as herein specified, and execute all transfers necessary for that purpose, and not less than four days before any payment of premium becomes due exhibit or deliver to the Trustee, if requested, the receipt for such premium; that it will, from time to time, at the request of the Trustee, furnish to the Trustee such information relating to the insurance carried by it as the Trustee may reasonably require; provided, however, that should the nature of the materials used in the construction of any building or plant, or the character of such building or plant or of its equipment, be such that no reasonable danger exists of its being damaged by fire or other hazard or should the ordinary contracts of insurance not be obtainable in respect of any building or plant, then the Directors are expressly empowered in their discretion (and without derogation from the powers hereinbefore conferred upon them in respect of determining what insurance, if any, it is expedient for the Company to carry) to omit such insurance. The Company further covenants that it will cause all Subsidiaries to obtain and maintain insurance of the nature and extent hereinbefore in this Section 10.10 set forth, upon the properties and assets of each of such Subsidiaries respectively.

The Company and its Subsidiaries shall, however, be at liberty to carry any insurance upon its or their buildings, plant and other property under a blanket policy or policies covering stock-in-trade or other moveable property of the Company or of Subsidiaries.

10.11 To Pay Trustee. That it will pay to the Trustee reasonable remuneration for its services as Trustee hereunder and will repay to the Trustee on demand all moneys which shall have been paid by the Trustee for premiums of insurance, repairs, renewals, taxes, legal expenses or charges or any other expenditures whatever which the Trustee may reasonably incur in and about the execution of the trust hereby created, with interest at Seven per cent (7%) per annum from the date of expenditure until actual repayment, and such moneys and the interest thereon, including the Trustee's remuneration, shall, until paid by the Company, be secured hereunder upon the Mortgaged Premises in priority to the Bonds and shall be payable out of any funds coming into the possession of the Trustee or its successors in the trust hereunder. The said remuneration shall continue payable after the security shall have become enforceable and until the trusts hereof shall be finally wound up and whether or not a receiver or manager or receiver and manager shall have been appointed or these presents shall be in due course of administration by or under the direction of the Court or judicial proceedings for the sale of the Mortgaged Premises shall have been instituted and be in progress.

10.12. To Perform Obligations Imposed By Law. That it will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed in virtue of any law or regulation of Canada or any Province thereof or municipality therein for the purpose of creating, perfecting and maintaining the security hereby constituted or intended to be constituted and performing the trusts hereby created.

10.13. To Execute Additional Assurances. That at any and all times the Company will do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, conveyances, mortgages, pledges, charges, as the Trustee shall reasonably require for the better assuring, conveying, mortgaging, pledging, charging, and confirming unto the Trustee all and singular the lands, hereditaments and premises, estates and property hereby granted, conveyed, assigned, mortgaged, pledged and charged or intended so to be or which the Company may hereafter acquire or become bound to grant, convey, assign, mortgage, pledge or charge, in favour of the Trustee under the provisions of Section 7.7 hereof, and for the better accomplishing and effectuating the intentions of this Deed.

10.14. To Perform Obligations Under Leases, Licences, etc. That it will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed under or in virtue of any lease, operating agreement, license, concession, franchise or agreement forming part of

the Specifically Mortgaged Premises in order to preserve, protect and maintain all of the rights of the Company thereunder, and that it will not suffer or permit any default by reason of which any such lease, operating agreement, license, concession, franchise or agreement might be terminated or any other party thereto might be relieved of any of its obligations thereunder or any obligations of any such party thereunder might be reduced, in order that the interests of the Company in and rights of the Company under any such lease, operating agreement, license, concession, franchise or agreement may at all times be preserved as security for the Bonds, the whole, however, without restricting the provisions of this Deed with respect to release of the Mortgaged Premises or with respect to the modification or termination of any such lease, operating agreement, license, concession, franchise or agreement provided, further, that nothing contained in this Section 10.14 shall require the Company to make any such payments so long as it shall in good faith contest its liability therefor, but subject to the rights of the Trustee as in Section 10.18 provided.

10.15. To Pledge Shares of Subsidiaries. That no Additional Bonds shall be certified and delivered upon the basis of property of the nature of additional property owned or held by a Subsidiary unless all the Voting Shares of such Subsidiary owned by the Company or another Subsidiary have been delivered to the Trustee to form part of the Specifically Mortgaged Premises.

10.16. Title to Pledged Securities. That all shares, bonds, debentures and other securities of Subsidiaries delivered to the Trustee will be valid shares or obligations of such Subsidiaries, will be fully paid and non-assessable, will constitute valid security according to their terms and will be free and clear of all liens, claims and encumbrances of every kind and nature.

10.17. Not to Sell Bonds When in Default. That if it should be in default hereunder at any time it will not while such default shall continue sell, pledge or otherwise dispose of any of the Bonds secured hereby; provided, however, that in the event of any Bonds being issued, re-issued or substituted without the knowledge of the Trustee during the continuance of such default or after maturity thereof and being treated by the Trustee as entitled to the benefit hereof, the Trustee shall not thereby incur any responsibility.

10.18. Trustee May Perform. That if the Company shall fail to perform any of the covenants or fulfill any of the conditions contained in this Deed or in the Bonds, the Trustee may in its discretion perform any of the said covenants or fulfill any such condition capable of being performed or fulfilled by it and, if any such covenant or condition requires the payment or expenditure of money,

it may make such payments or expenditures with its own funds, or with money borrowed by or advanced to it for such purpose, but shall be under no obligation so to do; and all sums so expended or advanced shall be at once payable by the Company and shall bear interest at the rate of Seven per cent (7%) per annum, until paid, and shall be secured hereby, having the benefit of the lien hereby created in priority to the Bonds, but no such performance or payment shall be deemed to relieve the Company from any default hereunder.

ARTICLE 11

SPECIAL COVENANTS PERTAINING TO THE INITIAL BONDS AND TO CERTAIN SERIES THEREOF

The Company hereby covenants and agrees that:

11.1. **Restrictive Covenants Attaching to Initial Bonds.** So long as any of the Initial Bonds are outstanding, the Company will not, without the prior written consent of the holders of the outstanding Initial Bonds as evidenced by an Extraordinary Resolution of the holders of such Bonds as if such Bonds constituted a single series of Bonds:

11.1.1. create or suffer to exist any mortgage, charge, pledge, lien or other encumbrance upon any of its assets, to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations which rank or purports to rank in priority to or *pari passu* with the security created hereby, except (i) Permitted Encumbrances and Minor Title Defects; (ii) as permitted under the floating charge hereof; and (iii) as permitted under Section 11.1.2 hereof; or

11.1.2. create, assume or become liable on any Purchase Money Mortgage, except Purchase Money Mortgages on property acquired after the date hereof up to but not exceeding Sixty per cent (60%) of the cost of the property so acquired; or

11.1.3. permit any Subsidiary to create any mortgage, charge, pledge, lien or other encumbrance on any of its assets or incur any indebtedness for borrowed money, except (i) in favour of or to the Company or another Subsidiary; (ii) a Subsidiary may create Purchase Money Mortgages within the limitation set forth in Section 11.1.2 hereof; and (iii) a Subsidiary may incur indebtedness to banks maturing within twelve (12) months and create security therefor; or

11.1.4. issue any Additional Bonds unless the provisions of Article 6 hereof have been met.

11.2. Series D Bonds. The Company shall not redeem Series D Bonds for other than sinking fund purposes on or before November 30th, 1968 directly or indirectly from or in anticipation of moneys borrowed by or for the account of the Company or any affiliated company at an interest rate or an effective interest rate to the Company of less than $5\frac{1}{2}\%$.

11.3. Series E Bonds. The Company shall not redeem Series E Bonds for other than sinking fund purposes on or before May 31, 1974 directly or indirectly from or in anticipation of moneys borrowed by or for the account of the Company or any affiliated company at an interest rate or an effective interest rate to the Company of less than $5\frac{3}{4}\%$.

11.4. Bonds of Series F, G, H, I, J, K, L and M. So long as any of the Bonds of Series F, G, H, I, J, K, L and M are outstanding, the Company will not permit any Subsidiary to issue, except to the Company or any other subsidiary, any shares of its capital stock or incur or suffer to exist any indebtedness, except to the Company or any other Subsidiary or except indebtedness in the ordinary course of business not incurred in connection with the borrowing of money; provided, however, that the foregoing restriction shall not apply to indebtedness outstanding upon bonds, debentures, notes or other like evidences of indebtedness issued by Subsidiary companies to evidence or secure loans from banks or others or in connection with Purchase Money Mortgages, as hereinafter defined, not exceeding in the aggregate in respect of all subsidiaries the sum of \$500,000.

"Purchase money mortgages" means any mortgages, liens or other charges or encumbrances on property assumed, created, guaranteed or reserved to secure all or any part of the purchase price of such property or any such mortgage, lien, charge or other encumbrance existing thereon at the time of the acquisition thereof and assumed by the purchaser; and, provided that the principal amount of the indebtedness secured thereby is not increased, any extensions, renewals or refundings of any such mortgage, lien, charge or other encumbrance.

11.5. Series H Bonds. So long as any of the Series H Bonds are outstanding, the Company shall not issue any Additional Bonds the stated maturity date whereof shall be prior to May 1, 1981, but save as aforesaid, the Series H Bonds shall be subject always to the right of the Company as provided, and subject to the terms, conditions and restrictions set forth, in this Trust Deed at any time and from time to time to issue for the corporate purposes of the Company at the discretion of its Directors Additional Bonds of Series H or of any

one or more other Series, each without limit as to aggregate principal amount and all ranking *pari passu* and equally secured with one another.

11.6. **Series I Bonds.** The Company shall not redeem Series I Bonds before May 15, 1972 as a part of any refunding or anticipated refunding operation by the application, directly or indirectly, of funds obtained through borrowings having a stated interest rate of less than five and three quarters per cent (5¾ %) per annum.

11.7. **Idem.** So long as any of the Series I Bonds are outstanding, the Company shall not issue any Additional Bonds the stated maturity date whereof shall be prior to May 15, 1982, but, save as aforesaid, the Series I Bonds shall be subject always to the right of the Company as provided, and subject to the terms, conditions and restrictions set forth in this Trust Deed at any time and from time to time to issue for the corporate purposes of the Company at the discretion of its Directors Additional Bonds of Series I or of any one or more other Series, each without limit as to aggregate principal amount and all ranking *pari passu* and equally secured with one another.

11.8. **Series J Bonds.** The Company shall not redeem Series J Bonds before November 1, 1968, as a part of any refunding or anticipated refunding operation by the application, directly or indirectly, of borrowed funds having a cost of money to the Company of less than six per cent (6%) per annum.

11.9. **Idem.** So long as any of the Series J Bonds are outstanding,

11.9.1. Whenever, in respect of another series of Bonds hereafter issued under this Trust Deed, sinking fund payments are prescribed which involve the payment by the Company in any year for sinking fund purposes of amounts which (when consideration is given to the aggregate principal amount of the Bonds of such other series theretofore certified and delivered by the Trustee as compared with \$1,250,000) are proportionately larger than those then payable in the same year in respect of the Series J Bonds pursuant to the provisions of Section 5.4 hereof, then the amount payable in that year under the provisions of that Section shall, subject as hereinafter provided, be increased to such amount as bears the same proportion to \$1,250,000 as is borne by the prescribed sinking fund payments in that year in respect of such other series (with requisite adjustment if the last mentioned sinking fund payments are to be made otherwise than annually) and this procedure shall be followed from time to time thereafter as and when occasion may arise to the end that in any year the sinking fund payments in respect of the Series J Bonds shall never be proportionately less when compared with

\$1,250,000 than those made in such year in respect of the Bonds of any subsequent series and, for the purpose of determining pursuant to the provisions of this Section the proportion between the sinking fund payments prescribed in respect of the Bonds of any other series as compared with the sinking fund payments prescribed in respect of the Series J Bonds, the payments by the Company for sinking fund purposes in respect of both such series shall not be deemed to include the amounts of interest and premiums, if any, payable upon the redemption of Bonds out of the sinking funds provided for in respect of the Bonds of such series; and, furthermore, sinking fund payments shall be deemed to include the principal amounts of serial maturities of Bonds and of Bonds required to be retired in any other manner by reference to specified principal amounts; provided, however, that, notwithstanding the foregoing, no such increase shall be made in the amounts of the sinking fund payments in respect of the Series J Bonds unless such increase shall be requested in writing by the holders of not less than two-thirds ($\frac{2}{3}$) in principal amount of the outstanding Bonds of that series within one month after the giving of the notice hereinafter provided for or, if no Bonds of that series are then registered, within three months after the first issue of Bonds of such other series; and, in the event of another series of Bonds hereafter issued being entitled to a sinking fund payment or payments proportionately larger than that payable in the same year in respect of the Series J Bonds, the Company shall give written notice thereof to the registered holders, if any, of Series J Bonds within three months after the first issue of Bonds of such other series;

11.9.2. The Company will not permit any Subsidiary Company, as hereinafter defined, hereafter to issue any shares, bonds, debentures, notes or other like evidences of indebtedness except:—

(i) to evidence or secure loans from banks or others repayable on demand or within twelve (12) months of the date on which such indebtedness is incurred or of the date of any renewal or extension thereof and incurred in the ordinary course of business and for the purpose of carrying on or expanding the same;

(ii) Purchase Money Mortgages, as hereinafter defined, to the extent that the same do not exceed two-thirds ($\frac{2}{3}$) of the purchase price of the property acquired; or

(iii) to the Company.

For the purposes of this Section 11.9.2 and of Sections 11.11 and 11.14 hereof, "Subsidiary Company" means any corporation or company of which

more than fifty per cent (50%) of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or company) are or shall at all times be owned, directly or indirectly, or held by or for the Company and/or by or for any other corporation or company, in like relation to the Company and includes any corporation or company in like relation to a Subsidiary Company.

For the purpose of the foregoing "Purchase Money Mortgage" means any mortgage, lien or other charge or encumbrance upon property acquired by a Subsidiary Company after the date of the execution of this Supplemental Trust Deed which was assumed, created, guaranteed or reserved to secure all or any part of the purchase price of such property or any such mortgage, lien, charge or other encumbrance existing thereon at the time of such acquisition and assumed or guaranteed by the Company or any Subsidiary Company; and, provided that the principal amount of the indebtedness secured thereby is not increased, any extensions, renewals or refundings of any such mortgage, lien, charge or other encumbrance.

11.10. **Series K Bonds.** The Company shall not redeem Series K Bonds before May 1, 1970, as a part of any refunding or anticipated refunding operation by the application, directly or indirectly, of funds obtained through borrowing having a stated interest rate of less than seven per cent (7%) per annum.

11.11. **Bonds of Series K and L.** So long as any Bonds of Series K or L are outstanding,

11.11.1. The Company will not create or issue any Additional Bonds having a stated maturity date before the first day of May, 1985, except serial maturities of serial Bonds;

11.11.2. Whenever, in respect of another series of Bonds hereafter issued under the Trust Deed, sinking fund payments are prescribed which involve the payment by the Company in any year for sinking fund purposes of amounts which (when consideration is given to the aggregate principal amount of the Bonds of such other series theretofore certified and delivered by the Trustee as compared with \$2,000,000, in the case of Bonds of Series K, and \$1,000,000, in the case of Bonds of Series L) are proportionately larger than those then payable in the same year in respect of the Bonds of Series K and L pursuant to the provisions of Section 5.4 hereof, then the amount payable in that year under the provisions of that Section shall, subject as hereinafter provided, be increased to such amounts as bears the same pro-

portion to \$2,000,000, in the case of Bonds of Series K, and \$1,000,000, in the case of Bonds of Series L as is borne by the prescribed sinking fund payments in that year in respect of such other series (with requisite adjustment if the last mentioned sinking fund payments are to be made otherwise than annually) and this procedure shall be followed from time to time thereafter as and when occasion may arise to the end that in any year the sinking fund payments in respect of the Bonds of Series K and L shall never be proportionately less when compared with \$2,000,000, in the case of Bonds of Series K, and \$1,000,000, in the case of Bonds of Series L than those made in such year in respect of the Bonds of any subsequent series and, for the purpose of determining pursuant to the provisions of this Section the proportion between the sinking fund payments prescribed in respect of the Bonds of any other series as compared with the sinking fund payments prescribed in respect of the Bonds of Series K and L, the payments by the Company for sinking fund purposes in respect of both such series shall not be deemed to include the amounts of interest and premiums, if any, payable upon the redemption of Bonds out of the sinking funds provided for in respect of the Bonds of such series. Sinking fund payments shall not be deemed to include the principal amounts of serial maturities of Bonds but shall be deemed to include Bonds required to be retired in any other manner by reference to specified principal amounts.

11.11.3. The Company will not declare or pay any cash dividends, other than on preference shares of the Company, at any time when the consolidated earned surplus of the Company and its subsidiary companies, determined in accordance with standard accounting practice, is less than seven hundred and fifty thousand dollars (\$750,000) or which, if paid, would reduce such consolidated earned surplus below that sum.

11.12. **Series L Bonds.** The Company shall not redeem Series L Bonds before May 1, 1971, as a part of any refunding or anticipated refunding operation by the application, directly or indirectly, of funds obtained through borrowings having a stated interest rate of less than six and one-half per centum (6½%) per annum.

11.13. **Series M Bonds.** The Company shall not redeem Series M Bonds before June 1, 1977, as a part of any refunding or anticipated refunding operation by the application, directly or indirectly, of funds obtained through borrowings having a lower effective interest cost to the Company than that of the Bonds of Series M to be redeemed.

11.14. **Idem.** So long as any Series M Bonds are outstanding,

11.14.1. The Company will not permit any Subsidiary to issue, other than to the Company or any other Subsidiary, any shares or any bonds, debentures, notes or other like evidences of indebtedness except to evidence or secure loans from banks or others repayable on demand or within twelve (12) months from the date upon which such indebtedness is incurred or the date of any renewal or extension thereof and incurred in the ordinary course of business and for the purpose of carrying on or expanding the same and except Purchase Money Mortgages.

11.14.2. Neither the Company (except by way of security for First Mortgage Bonds, Original General Mortgage Bonds or Refunding General Mortgage Securities) nor any Subsidiary will sell, assign or otherwise dispose of any funded debt of a Subsidiary which is owned by it, except to a Subsidiary or to the Company, until such time as the Subsidiary whose funded debt is being sold, assigned or otherwise disposed of has ceased to be a Subsidiary; nor (except by way of security as aforesaid) will sell, assign or otherwise dispose of any shares of a Subsidiary, except to a Subsidiary or to the Company, unless such sale, assignment or other disposal, together with other sales, assignments or disposals, if any, made by the Company or such first-mentioned Subsidiary contemporaneously therewith, shall result in the Subsidiary whose shares are being sold, assigned or disposed of ceasing to be a Subsidiary.

11.14.3. The Company will not declare or pay cash dividends, other than on preference shares of the Company, or redeem, reduce or otherwise pay off any shares of the capital stock of any Subsidiary (except shares beneficially owned by the Company or by any other Subsidiary) which after giving effect thereto would reduce to less than \$7,000,000 the amount of paid up capital and surpluses of the Company and its Subsidiaries unless such payment of dividends or redemption, reduction or paying off shall be made out of the proceeds of the sale of or by the exchange of shares of the capital stock of the Company or of such Subsidiary, as the case may be; provided, however, that this covenant shall not prevent the Company or any Subsidiary from satisfying mandatory retirement provisions in respect of any preference shares of its capital stock.

11.14.4. Whenever, in respect of another series of Bonds hereafter issued under the Trust Deed, sinking fund payments are prescribed which involve the payment by the Company in any year for sinking fund purposes of amounts which (when consideration is given to the aggregate principal

amount of the Bonds of such other series theretofore certified and delivered by the Trustee as compared with \$2,700,000 Can.) are proportionately larger than those then payable in the same year in respect of the Bonds of Series M pursuant to the provisions of Section 5.4 hereof, then the amount payable in that year under the provisions of that Section shall, subject as hereinafter provided, be increased to such amount as bears the same proportion to \$2,700,000 Can. as is borne by the prescribed sinking fund payments in that year in respect of such other series (with requisite adjustment if the last mentioned sinking fund payments are to be made otherwise than annually) and this procedure shall be followed from time to time thereafter as and when occasion may arise to the end that in any year the sinking fund payments in respect of the Bonds of Series M shall never be proportionately less when compared with \$2,700,000 Can. than those made in such year in respect of the Bonds of any subsequent series and, for the purpose of determining pursuant to the provisions of this Section the proportion between the sinking fund payments prescribed in respect of the Bonds of any other Series as compared with the sinking fund payments prescribed in respect of the Bonds of Series M, the payments by the Company for sinking fund purposes in respect of both such series shall not be deemed to include the amounts of interest and premiums, if any, payable upon the redemption of Bonds out of the sinking fund provided for in respect of the Bonds of such series. Sinking fund payments shall not be deemed to include the principal amounts of serial maturities of Bonds but shall be deemed to include Bonds required to be retired in any other manner by reference to specified principal amounts.

For the purpose of this Section 11.14, unless there be something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings, respectively, namely:—

“Original General Mortgage Bonds” shall mean General Mortgage Bonds of the Company issued under the Deed of Trust and Mortgage, dated as of the Formal Date, executed by the Company in favour of Montreal Trust Company, as Trustee, to secure General Mortgage Bonds of the Company.

“Refunding General Mortgage Securities” shall mean securities issued under the said Deed of Trust and Mortgage securing General Mortgage Bonds of the Company to raise funds required for, or to reimburse the Company for expenditures made for, replacing or refunding Original General Mortgage Bonds theretofore issued.

"Purchase Money Mortgages" means mortgages, vendor's privileges, liens or other encumbrances on property of the Company or of any Subsidiary which were assumed, created, guaranteed or reserved to secure such parts of the purchase prices of such property as shall not exceed sixty-six and two-thirds per cent ($66\frac{2}{3}\%$) of such prices or means mortgages, privileges, liens or other encumbrances existing thereon at the time of such acquisition and assumed or guaranteed by the Company or any Subsidiary and securing indebtedness not exceeding that percentage; and any extensions, renewals or refundings of any such mortgages, privileges, liens or other encumbrances, provided that the principal amount of the indebtedness secured thereby is not increased.

11.15. Discharge Trust Deeds of Predecessor Companies. Within one year of the issue and delivery of all the Initial Bonds hereunder or within such further period as Counsel may advise is necessary the Company shall take all steps which Counsel may advise are necessary or desirable to satisfy, release and discharge from registration the various trust deeds or other instruments of each of the Predecessor Companies which mortgage, pledge, charge or otherwise affect any part of the Mortgaged Premises hereunder.

ARTICLE 12

EVENTS OF DEFAULT

12.1. Security Becomes Enforceable — Default. The security hereby constituted shall become enforceable, subject to the terms hereinafter contained, if and when one or more of the following events (herein sometimes called "events of default") shall happen, that is to say:—

12.1.1. In Payment of Principal or Premium. Default shall be made in the payment of the principal of, or premium, if any, on any of the Bonds when the same becomes due and payable, either by the terms thereof or otherwise; or

12.1.2. In Payment of Interest or Sinking Fund. Default shall be made in the payment of any interest due on any of the Bonds issued hereunder or of any sinking fund payment herein or in any Bonds prescribed and such default shall have continued for a period of thirty (30) days; or

12.1.3. On Bankruptcy or Liquidation. The Company makes an assignment for the benefit of creditors, or files a petition in bankruptcy; or the Company is adjudicated insolvent or bankrupt, or petitions or applies to any tribunal for any receiver, trustee, liquidator or sequestrator of, or for,

the Company or any substantial portion of the property of the Company; or the Company commences any proceeding relating to the Company or any substantial portion of the property of the Company under any reorganization, arrangement, or readjustment of debt, dissolution, winding up, adjustment, composition or liquidation law or statute of any jurisdiction, whether now or hereafter in effect (hereinafter in this Section 12.1.3 called "Proceeding"); or if there is commenced against the Company any Proceeding and an order approving the petition is entered, or such Proceeding remains undismissed for a period of sixty (60) days; or any receiver, trustee, liquidator or sequestrator of, or for, the Company or any substantial portion of the property of the Company is appointed and is not discharged within a period of sixty (60) days; or the Company by any act indicates consent to or approval of or acquiescence in any Proceeding or the appointment of any receiver, trustee, liquidator or sequestrator of, or for, the Company or any substantial portion of the property of the Company; or

12.1.4. On Enforcement of Execution. Any process of execution be enforced or levied upon any of the property of the Company and remain unsatisfied for a period of two (2) weeks, as to moveable or personal property, or three (3) weeks, as to immovable or real property, provided that such process is not in good faith disputed by the Company and, in that event, provided further that non-payment shall not in the judgment of the Trustee jeopardize or impair the security hereby created and that the Company shall also give security which, in the discretion of the Trustee, shall be sufficient to pay in full the amount claimed in the event that it shall be held to be a valid claim; or

12.1.5. On Default under Instrument Creating Subordinate Charge. The Company shall make default under the provisions of any instrument creating a charge on any part of the Specifically Mortgaged Premises of the Company ranking after the security of this Deed, unless, within such time as will prevent the exercise under such instrument of the remedies provided therein or available thereunder in cases of default and, in any event, within ninety (90) days from receipt of notice to that effect from the Trustee, the Company remedies such default and the rights of the Trustee hereunder have not been prejudicially affected; or if the trustee under any such instrument, whether or not any such default shall have been made, shall take any proceedings with a view to the appointment of a receiver; or

12.1.6. In the Fulfilment of Any Other Obligation. Default shall be made in the due observance or performance of any other covenant or condition in this Deed required to be observed or performed by the Company

and any such default shall continue for a period of ninety (90) days after notice received by the Company from the Trustee specifying such default and requiring the Company to rectify such default or shall continue for such shorter period of time as would at any time, if continued, render any property of the Company liable to forfeiture; or

12.1.7. *Idem.* Default shall be made in the fulfilment of any other obligation, non-fulfilment of which is herein constituted an event of default.

Any notice as aforesaid may be given by the Trustee on its own initiative and shall be given at the written request of the holder of not less than Ten per cent (10%) of the aggregate principal amount of the Bonds issued hereunder and at the time outstanding.

Provided that a resolution or order for winding up the Company with a view to its consolidation, amalgamation or merger with another company or the transfer of its assets as a whole, or substantially as a whole, to such other company, as provided in Article 15 shall not make the security enforceable under Section 12.1.3 if such last-mentioned company shall, as a part of such consolidation, amalgamation, merger or transfer, and within one hundred and twenty (120) days from the passing of the resolution or the date of the order, comply with the conditions to that end stated in Article 15.

12.2. *Trustee May Accelerate Maturity.* Subject to the provisions of Section 12.3; in case the security hereby constituted shall become enforceable as hereinbefore provided, the Trustee may in its discretion and shall upon receipt by it of a Bondholders' Instrument to that effect, declare the principal of, and interest on, all the Bonds outstanding hereunder, together with the premium, if any, payable thereon by virtue of Section 3.9 hereof and together with all other moneys secured hereby, to be due and payable, and the same shall forthwith become immediately due and payable to the Trustee, anything therein or herein to the contrary notwithstanding, and the Company shall and will pay forthwith to the Trustee the amount of the principal of, premium, if any, and interest then accrued on all of the Bonds then outstanding and all other moneys secured hereby, together with interest at the respective rates of interest borne by the Bonds on such principal, premium and interest and at the rate of Seven per cent (7%) per annum on such other moneys from the date of the said declaration until payment is received by the Trustee, and such payment of principal, premium, if any, and interest on the Bonds and interest on such premium and interest when made shall be deemed to have been made on such Bonds and shall be applied in the same manner as if it were proceeds of a sale of the Mortgaged Premises made to enforce the security hereof.

12.3. Waiver of Default. In the event of the security hereunder becoming enforceable, except by default in payment of principal moneys at maturity, and in addition to the powers exercisable by the Bondholders by Extraordinary Resolution, the holders of not less than a majority in principal amount of all the Bonds then outstanding shall have power by an instrument or instruments in writing or by the affirmative votes of such holders at a meeting duly convened and held as hereinafter provided to require the Trustee to waive the default and the Trustee shall thereupon waive the default upon such terms and conditions as such holders shall prescribe, and shall, if directed by such holders, release or pay to the Company such moneys or such portion of such moneys in the hands of the Trustee or received by the Trustee from the Mortgaged Premises during the period of such default. So long as it has not become bound to enforce the security hereby constituted, the Trustee shall have power to waive any default arising hereunder, except in payment of principal moneys at maturity, if in the opinion of the Trustee the same shall have been cured, or adequate satisfaction made therefor, upon such terms and conditions as the Trustee may deem advisable. Provided always that no act or omission either by the Trustee or of the Bondholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.

ARTICLE 13

REMEDIES IN CASE OF DEFAULT

13.1. Entry and Possession. Subject to the provisions of Section 12.3, in case the security hereby constituted shall have become enforceable as herein provided and the Company shall have failed to pay to the Trustee, on demand, the principal of, and premium, if any, and interest on all the Bonds then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and, upon receipt of a Bondholders' Instrument and Trustee's Indemnification, shall, by its officers, agents or attorneys, or by a receiver or manager or receiver and manager appointed by it, or on its application, enter into and upon and take possession of the whole or any part or parts of the Mortgaged Premises, with full power to carry on, manage and conduct the business operations of the Company, including the power to borrow money for the account or in the name of the Company or for its own account or in its own name or advance its own moneys at such rate of interest as it may deem reasonable for the purposes of the business, maintenance and preservation of the Mortgaged Premises, or any part thereof, and the payment of taxes, wages and other charges ranking in priority to the Bonds and current operating expenses

and operating expenses incurred not more than sixty (60) days prior to such taking possession by the Trustee and in the name of and as attorney for the Company to mortgage, pledge, charge or otherwise grant security upon the whole or any part of the Mortgaged Premises, in priority over the security created hereunder, as security for the repayment of the moneys so borrowed and interest thereon, at a rate not exceeding Ten per cent (10%) per annum, which security may be granted either at the time of or subsequent to the borrowing of said moneys, (and moneys so borrowed or advanced by the Trustee shall be repaid by the Company on demand and until repaid shall, with interest thereon at a rate not exceeding Ten per cent (10%) per annum, be secured by the security created hereunder and shall be a first charge upon the Mortgaged Premises in priority to the Bonds), and to receive the rents, incomes, issues and profits thereof and to pay therefrom all expenses, charges and advances of the Trustee in carrying on the said business or otherwise, and all taxes, assessments, insurance premiums and other charges against the property ranking in priority to the Bonds or payment of which may be necessary to preserve the property, and to apply the remainder of the moneys so received, first in the payment of the Coupons due and unpaid and claims for interest on any Fully Registered Bonds, with interest on all overdue interest at the respective rates borne by the Bonds on which the interest is in default, subject to the provision contained in Section 13.5, and the balance, if any, shall be held and applied as if the same arose from a sale or realization of the Mortgaged Premises; provided that the Trustee shall, upon all defaults being made good or waived by the Trustee or the Bondholders as herein provided, restore the said property and business to the Company and pay to it any balance of income so received after such payment of all amounts due to or properly payable by the Trustee hereunder in priority to the Bonds, and in case of any such return of property to the Company the security hereby constituted shall no longer be deemed to have become enforceable by reason of the default or defaults which theretofore existed but the rights to arise upon a subsequent default shall not be affected thereby. In the event of the Trustee or any receiver or manager or receiver and manager of the Mortgaged Premises or any part thereof restoring and delivering the same to the Company, it is hereby declared and provided that such part of the Mortgaged Premises so restored and delivered to the Company as previous to the taking of proceedings by the Trustee or receiver or manager or receiver and manager was subject to the floating charge created by this Deed or by any deed or deeds supplemental hereto shall thereupon become again and be subject to such floating charge as fully and to the same extent as if no default had occurred and the Company and the Trustee or any receiver or manager or receiver and

manager shall execute any deeds which may be necessary or desirable for such purposes.

13.2. **Sale.** Subject to the provisions of Section 12.3, in case the security hereby constituted shall have become enforceable as herein provided and the Company shall have failed to pay to the Trustee, on demand, the principal of, and premium, if any, and interest on all the Bonds outstanding, together with any other amounts due hereunder or on the Bonds, the Trustee may in its discretion either after such entry as aforesaid or after other entries by its officers or agents, or without any entry, sell and dispose of, and upon receipt of a Bondholders' Instrument to that effect and Trustee's Indemnification, the Trustee shall sell and dispose of all the Mortgaged Premises, either as a whole or in separate parcels, at public auction or by public tender, at such times and on such terms and conditions as the Trustee shall appoint, having first given such notice as it may think proper, which notice shall in any case include advertisements published at least once in each of two (2) consecutive periods of seven (7) days in a daily newspaper published in the English language in the City of St. John's, Newfoundland, and a daily newspaper published in the English language in the City of Montreal, Quebec, and it shall be lawful for the Trustee to make such sale, either for cash or upon credit, upon such reasonable conditions as to upset or reserve bid or price and as to terms of payment, as it may deem proper, and thereafter, if such sale proves abortive and if the holders of not less than a majority in principal amount of the outstanding Bonds consent in writing or if the Bondholders by Extraordinary Resolution consent, to sell by private sale without further notice, and to receive the price or consideration for any sale as aforesaid in whole or in part in Bonds secured hereunder in such proportion, at such rate and for such amounts as is provided in Section 13.10, also to rescind or vary any contract of sale that may have been entered into and re-sell with or under any of the powers conferred herein, to adjourn any such sale from time to time, and to execute and deliver to the purchaser or purchasers of the Mortgaged Premises, or any part thereof, good and sufficient deed or deeds for the same, the Trustee being hereby constituted the irrevocable attorney of the Company for the purpose of making such sale and executing such deeds and any such sale made as aforesaid shall be a perpetual bar both in law and equity against the Company and its assigns and all other persons claiming the Mortgaged Premises or any part or parcel thereof by, from, through or under the Company or its assigns, and the proceeds of any such sale shall be distributed in the manner hereinafter provided.

13.3. **Trustee May Purchase.** The Trustee, or any one or more of the Bondholders or any agent or representative thereof, may become purchasers at any

sale of the Mortgaged Premises, whether made under the power of sale herein contained or pursuant to judicial proceedings.

13.4. **Surrender by Company.** The Company binds and obliges itself to yield up possession of its property and the conduct of its business to the Trustee, or to any receiver or manager or receiver and manager appointed by it or by a court of competent jurisdiction in that behalf, on its application, on demand whenever the Trustee shall have a right of entry under the foregoing provisions and agrees to put no obstacle in the way of, but to facilitate by all legal means, the actions of the Trustee hereunder and not to interfere with the exercise of the powers hereby granted to it, and in the event of the security becoming enforceable, as hereinbefore provided, the Company shall and does hereby consent to the appointment in such case of a liquidator, receiver or manager or receiver and manager with all such powers as the Trustee is hereby vested with or the court shall order, if so required by the Trustee. The Company hereby binds itself in said event to consent to any petition or application presented to the court by the Trustee in order to effectuate the intent of this Deed, and the Company shall not, after receiving due notice from the Trustee that it has taken possession of the said business by virtue of these presents, continue in the said business, unless with the express written consent and authority of the Trustee or other officer as aforesaid, and shall forthwith, by and through its officers and Directors, execute such documents and transfers (including the assignment of all leases and leasehold property) as may be necessary to place the Trustee or other officer as aforesaid in legal possession of the said property and business, and after receipt of such notice all the powers and functions, rights and privileges of each and every of the Directors and officers of the Company shall cease and determine with respect to the Mortgaged Premises unless expressly continued in writing by the Trustee or other officer as aforesaid, or unless the property shall have been restored to the Company as hereinbefore provided.

13.5. **Distribution of Proceeds.** Except as herein otherwise expressly provided, the moneys arising from any sale or realization of the whole or any part of the Mortgaged Premises, whether under any sale by the Trustee or by judicial process or otherwise or received from any trustee in bankruptcy or liquidator of the Company, shall be applied, together with any other moneys then in the hands of the Trustee available for such purposes:

13.5.1. Firstly, to pay or reimburse to the Trustee its compensation, costs, charges, expenses, borrowings, advances or any other moneys furnished or provided by or at the instance of the Trustee in or about the execution of its trust or otherwise in relation to these presents with interest thereon

as herein provided; and thereafter and to the extent such moneys are sufficient;

13.5.2. Secondly, to the payment equally and rateably of the whole amount then owing and unpaid for principal and premium, if any, and interest upon the Bonds and Coupons hereby secured, with interest on the overdue instalments of interest at the respective rates of interest borne by the Bonds, and in case such proceeds shall be insufficient to pay in full the amount so due and unpaid then to the payment of such principal, premium, if any, and interest, without preference or priority of principal or premium over interest or of interest over principal or premium or of any instalment of interest over any other instalment of interest or of the Bonds of one series over those of another series, rateably to the aggregate of such principal, premium, if any, and accrued and unpaid interest; provided that no payment shall be made in respect of any interest or on any Coupons the time of payment of which has been extended, whether by purchase or funding or otherwise, contrary to the provisions of Section 13.6, until the prior payment in full of all other interest and Coupons and of the principal of, and premium, if any, of the Bonds; and thereafter;

13.5.3. Thirdly, that the surplus, if any, of such moneys shall be paid to the Company or its assigns.

13.6. Not to Extend Time for Payment of Coupons. In order to prevent any accumulation after maturity of Coupons or interest, the Company agrees and covenants that it will not, directly or indirectly, extend or assent to the extension of time for payment of any Coupons or interest upon any Bonds secured hereby, and that it will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding said Coupons or interest or in any other manner. In case the time for payment of any such Coupons or interest shall be so extended, whether or not such extension be by or with the consent of the Company, such Coupons or interest shall not be entitled, in case of default hereunder, to the benefit or security of these presents, except subject to the prior payment in full of the principal of, and premium, if any, on all the Bonds then outstanding, and of all matured Coupons or interest on such Bonds, the payment of which has not been so extended. All Coupons shall, when paid, be forthwith cancelled and handed to the Trustee as evidence of such payment and cancellation.

13.7. Limitation of Trustee's Duty to Distribute. The Trustee shall not be bound to apply or make any partial or interim payment of any moneys coming into its hands if the amount so received by it is insufficient to make a distribution

of at least two per cent (2%) of the aggregate principal amount of the outstanding Bonds, but it may retain the money so received by it and invest or deposit the same as provided in Article 14 until the money or the investments representing the same, with the income derived therefrom, together with any other moneys for the time being under its control, shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth.

13.8. **Notice of Payment.** Not less than twenty-one (21) days' notice shall be given by the Trustee of any payment to be made under this Article 13 to the Bondholders. Such notice shall state the time and place when and where such payment is to be made and also the liability under the present security upon which it is to be applied. After the day so fixed unless payment shall have been duly demanded and have been refused, the Bondholders will be entitled to interest only on the balance, if any, of the principal moneys, premium, if any, and interest due to them, respectively, on the Bonds, after deduction of the respective amounts payable in respect thereof on the day so fixed.

13.9. **Production of Bonds and Coupons.** The Trustee shall have the right at the time it makes any payment of principal, interest or premium required by this Article 13 to demand of the person claiming such payment the production of the actual Bond or Coupon under which he claims such payment be made, and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement in any special case, upon such indemnity being given to it and to the Company as it shall deem sufficient.

13.10. **Purchaser May Turn In Bonds.** Upon any sale of the Mortgaged Premises, or any part thereof, whether made under the power of sale herein contained or pursuant to judicial proceedings, any purchaser may in paying purchase money turn in any of the outstanding Bonds hereby secured in place of cash to the amount which would upon distribution of the net proceeds of such sale be payable thereon and, in case the amount so payable thereon shall be less than the amount due thereon, the Bonds shall be returned after being properly stamped to show such partial payment.

13.11. **Acceleration of Maturities on Sale.** Upon any such sale of the Mortgaged Premises, or any part thereof, whether made under the power of sale herein contained, or pursuant to judicial proceedings, the principal of all the Bonds issued hereunder and then outstanding, if not previously declared due, shall immediately become due and payable, together with the premium, if any, which would have been payable thereon if the Bonds had been redeemed

by the Company on the date of such sale, anything in the Bonds or in this Deed to the contrary notwithstanding.

13.12. **Trustee Attorney of Company.** The Company hereby irrevocably appoints the Trustee to be attorney of the Company for and in the name and on behalf of the Company to execute and do any deeds, documents, transfers, conveyances, assignments, assurances, consents and things which the Company ought to sign, execute and do hereunder and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Trustee, with full powers of substitution and revocation.

13.13. **Appointment of Receiver or Manager.** If the security hereby created shall become enforceable, the Trustee may in its discretion and, upon receipt by it of a *Bondholders' Instrument* to that effect, shall by writing appoint a receiver or manager or receiver and manager of the Mortgaged Premises, or any part thereof, and may remove any receiver or manager or receiver and manager so appointed by it and appoint another in his stead, and the following provisions shall take effect:—

13.13.1. Such appointment may be made at any time after the security shall have become enforceable and either before or after the Trustee shall have entered into or taken possession of the Mortgaged Premises or any part thereof but such appointment shall be revoked upon the direction of the Bondholders by resolution adopted at a meeting duly held as hereinafter provided or upon the request in writing of the holders of a majority in principal amount of the outstanding Bonds;

13.13.2. Every such receiver or manager or receiver and manager may be vested with all or any of the powers and discretions of the Trustee;

13.13.3. Such receiver or manager or receiver and manager may carry on the business of the Company or any part thereof and may exercise all the powers conferred upon the Trustee by Section 13.1;

13.13.4. The Trustee may from time to time fix the remuneration of every such receiver or manager or receiver and manager and direct the payment thereof out of the Mortgaged Premises or the proceeds thereof;

13.13.5. The Trustee may from time to time require any such receiver or manager or receiver and manager to give security for the performance of his duties and may fix the nature and amount thereof, but shall not be bound to require such security;

13.13.6. Every such receiver or manager or receiver and manager may, with the consent in writing of the Trustee and the consent of the holders of a majority in principal amount of the Bonds then outstanding given either in writing or by resolution adopted at a meeting duly held as hereinafter provided, borrow money for the purpose of carrying on the business of the Company or for the maintenance of the Mortgaged Premises or any part or parts thereof or for any other purposes approved by the Trustee and said holders, and may issue certificates (herein called "Receiver's Certificates") for such sums as will in the opinion of the Trustee and said holders be sufficient for obtaining upon the security of the Mortgaged Premises the amounts from time to time required, and such certificates may be payable either to order or to bearer and may be payable at such time or times as to the Trustee may appear expedient, and shall bear interest as shall therein be declared not exceeding Ten per cent (10%) per annum, and the receiver or manager or receiver and manager or the Trustee may sell, pledge or otherwise dispose of the same in such manner as to the Trustee may seem advisable, and may pay such commission on the sale thereof as to it may appear reasonable, and in the name of and as attorney for the Company may mortgage, pledge, charge or otherwise grant security upon the whole or any part of the Mortgaged Premises, in priority over the security created hereunder, as security for the repayment of the moneys borrowed upon such Receiver's Certificates, and interest thereon at a rate not exceeding Ten per cent (10%) per annum, which security may be granted either at the time of or subsequent to the borrowing of said moneys, and said moneys shall be secured by the security created hereby and shall be a charge upon the Mortgaged Premises in priority to the Bonds; provided always that in the exercise of the powers and duties conferred upon the Trustee by this Section 13.13 the Trustee shall be bound to observe and act in accordance with the directions and instructions of the holders of a majority in principal amount of the Bonds then outstanding given either in writing or by resolution adopted at a meeting duly held as hereinafter provided, if and whenever any such directions or instructions shall be given;

13.13.7. Save so far as otherwise directed by the Trustee, all moneys from time to time received by such receiver or manager or receiver and manager shall be paid over to the Trustee to be held by it on the trusts of these presents;

13.13.8. Every such receiver or manager or receiver and manager shall so far as concerns responsibility for his acts and omissions be deemed the agent of the Company and not of the Trustee.

13.14. Trustee May Take Proceedings. The Trustee shall have the right in its discretion to proceed in its name as Trustee hereunder in the enforcement of the security hereby constituted by any remedy provided by law, whether by legal proceedings or otherwise, but it shall not be bound to do or to take any act or action in virtue of the powers conferred on it by these presents unless and until it shall have been required so to do by a Bondholders' Instrument or by a resolution of the Bondholders adopted at a meeting held in accordance with the provisions contained in Article 23 of this Deed, defining the action which it is required to take, and the Trustee may, before taking such action, require the Bondholders at whose instance it is required, to deposit with the Trustee the Bonds held by them for which Bonds the Trustee shall issue receipts, or in lieu of such deposit the Trustee may accept as proof of the ownership of such Bonds the certificate or certificates of any bank, banker, trust company or other depository satisfactory to the Trustee, wherever situated, to the effect that a specified principal amount of the Bonds has been deposited with and is held by it or them as depository of such Bondholders and that such Bonds will remain so deposited until the surrender or cancellation of such certificate or certificates. The Trustee may, nevertheless, in its discretion, require further proof in cases where it deems further proof desirable or may accept such proof as it shall consider proper. The obligation of the Trustee to commence or continue any act, action or proceedings for the purpose of realizing upon the Mortgaged Premises shall, at the option of the Trustee, be conditional upon the Bondholders furnishing, when required in writing by the Trustee, Trustee's Indemnification.

13.15. Limitation of Trustee's Responsibility. The Trustee shall not, nor shall any receiver or manager or receiver and manager appointed by it, be responsible or liable, otherwise than as a trustee, for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period wherein the Trustee or receiver or manager or receiver and manager shall manage the Mortgaged Premises upon entry, as herein provided, nor shall the Trustee nor the receiver or manager or receiver and manager be liable to account as mortgagee or mortgagees in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession might be liable.

13.16. Protection of Persons Dealing With Trustee. No person dealing with the Trustee or its agents shall be concerned to inquire whether the security hereby constituted has become enforceable or whether the powers which the Trustee is purporting to exercise have become exercisable or whether any money remains due upon the security of these presents or the Bonds or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall

be made or otherwise as to the propriety or regularity of any sale or of any other dealing by the Trustee with the Mortgaged Premises or to see to the application of any money paid to the Trustee; and, in the absence of fraud on the part of such person, such dealing shall be deemed, so far as regards the safety and protection of such person, to be within the powers hereby conferred and to be valid and effectual accordingly.

13.17. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or upon or to the Bondholders 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 or by statute.

13.18. Covenants for Exclusive Benefit of Trustee and Bondholders. All the covenants, stipulations and agreements in this Deed contained, by or on behalf of the Company to be kept, observed, fulfilled or performed, are and shall be for the sole and exclusive benefit of the parties hereto and of the respective holders of the Bonds and Coupons hereby secured.

13.19. Company Consents to Judgments Against It. The Company covenants and agrees to and with the Trustee that, in case of any foreclosure proceedings or other proceedings to enforce the security hereby created, judgment may be rendered against it in favour of the Bondholders hereunder or in favour of the Trustee, as trustee of an express trust for the Bondholders hereunder, for any amount which may remain due in respect of the Bonds and premium, if any, and interest thereon after the application to the payment thereof of the proceeds of any sale of the Mortgaged Premises.

ARTICLE 14

INVESTMENT OF TRUST MONEYS

14.1. General Provisions. Unless otherwise provided in this Deed, any moneys held by the Trustee, which under the trusts of these presents may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee, may be invested and reinvested by the Trustee in its name or under its control in any of the securities in which trustees are, by the laws of the Province of Newfoundland, authorized to invest, or in any of the securities in which Companies registered under Part III of the Canadian and British Insurance Companies Act of Canada may invest their funds pursuant to the provisions of subsection (i) of Section 63 of such Act, or, unless the Company be in default hereunder, upon request of the Directors evidenced by a Certified

Resolution, may be employed in the purchase on the market or by tender or by private contract of the Bonds, or any part thereof for cancellation, at prices not exceeding the prices at which the Bonds might be redeemed on the date of said purchase plus accrued interest to the date of such purchase plus reasonable costs of purchase; or for the payment of Bonds at maturity; or in the redemption of Bonds through the operation of any sinking fund at the redemption prices applicable to such redemption; or in the redemption of Bonds in accordance with and subject to the provisions of Article 3 at the redemption prices applicable to such redemption specified in Article 5 or in any Additional Bonds or in any deed supplemental hereto.

14.2. Interim Investment. Pending investment or employment under the provisions of Section 14.1, such moneys may be placed by the Trustee on deposit at interest at the current bank rate with some chartered bank or trust company, including the Trustee or, with the consent of the Company, may be invested in guaranteed trust certificates of any trust company including the Trustee or guaranteed time deposits or deposit receipts of any bank in Canada or should such moneys be of a currency other than a currency being legal tender in Canada, investment as aforesaid may be in guaranteed trust certificates of a trust company or guaranteed time deposits or deposit receipts of a bank qualified to do business in such other currency, provided that in all cases such guaranteed trust certificates or guaranteed time deposits or deposit receipts shall be payable at times certain not later than two years after the date of the investment therein.

ARTICLE 15

CONSOLIDATION AND AMALGAMATION

15.1. General Provisions. Nothing in this Deed shall prevent, if otherwise permitted by law, the reorganization or reconstruction of the Company or the consolidation, amalgamation or merger of the Company with any other company, including any Subsidiary, or shall prevent the transfer by the Company of its undertaking and assets as a whole or substantially as a whole to another company, including any Subsidiary, lawfully entitled to acquire and operate the same, nor shall the security hereby constituted become enforceable in any such case, provided that the conditions of this Article 15 be observed, and provided also that every such successor or assign shall, as a part of such reorganization, reconstruction, consolidation, amalgamation, merger or transfer and in consideration thereof enter into and execute a deed or deeds supplemental hereto in favour of the Trustee whereby such successor or assign covenants:

15.1.1. To pay punctually when due the principal moneys, premium, if any, interest and other moneys intended to be secured by these presents, and

15.1.2. To perform and observe punctually all the obligations of the Company under these presents and under and in respect of all outstanding Bonds, and

15.1.3. To observe and perform each and every covenant, stipulation, promise, undertaking, condition and agreement of the Company herein contained as fully and completely as if it had itself executed this Deed as Party of the First Part hereto and had expressly agreed herein to observe and perform the same,

and by the said deed or deeds, or by another or other deed or deeds, such successor or assign shall, as a part of such reorganization, reconstruction, consolidation, amalgamation, merger or transfer, and in consideration thereof, give a floating charge upon its undertaking, property and assets, present and future, other than the Specifically Mortgaged Premises (in which property and assets shall be included all the property and assets forming the subject matter of the floating charge hereunder at such time), as security for the principal moneys, premium, if any, interest and other moneys secured by these presents and shall covenant that it will not create any charge, fixed or floating, upon the assets so charged or any part thereof ranking or purporting to rank in priority to or *pari passu* with the floating charge so to be given by it save that it may give security as provided in Articles 7, 10 and 11 of this Deed.

15.2. Proviso. Provided that every such reorganization, reconstruction, consolidation, amalgamation, merger or transfer shall be made on such terms and at such times and otherwise in such manner as shall be approved by the Company and by the Trustee as being in no way prejudicial to the interests of the Bondholders and as preserving and not impairing the charge and security created by these presents, and, upon such approval, the Trustee shall facilitate the same in all respects, and may give such consents and sign, execute or join in such documents and do such acts as in its discretion may be thought advisable in order that such reorganization, reconstruction, consolidation, amalgamation, merger or transfer may be carried out, and thereupon the Company may be released and discharged from liability under this Deed and the Trustee may execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge and the opinion of Counsel as hereinafter mentioned shall be full warrant and authority to the Trustee for so doing. The Company shall furnish to the Trustee an opinion of Counsel as to the

legality of any action proposed to be taken and as to the validity of any action taken pursuant to the provisions contained in this Article 15, and the Trustee shall incur no liability by reason of reliance thereon.

15.3. Substitution of Successor Company. In case of any reorganization, reconstruction, consolidation, amalgamation or merger as aforesaid, or in case of such transfer of the undertaking and assets of the Company as a whole or substantially as a whole, the corporation formed by such consolidation or with which the Company shall have been amalgamated or merged or to which such transfer shall have been made, upon executing a deed or deeds, as provided in this Article 15, shall succeed to and be substituted for the Company (which may then be wound up, if so desired by its shareholders), with the same effect as if it had been named herein as the Party of the First Part hereto, and shall possess and may exercise each and every right of the Company hereunder.

ARTICLE 16

CONFIRMATORY DEED

16.1. Trustee may Execute. In case of any sale hereunder, whether by the Trustee or under judicial proceedings, the Company agrees that it will execute in favour of the purchaser or purchasers on demand any instruments reasonably necessary to transfer, convey, assure or confirm to the purchaser or purchasers the title to the property so sold, and in case of any such sale the Trustee is hereby irrevocably authorized to execute on behalf of the Company and in its name any such instruments.

ARTICLE 17

SUITS BY BONDHOLDERS AND TRUSTEE

17.1. Limitation on Bondholder's Right to Act. No holder of any Bond or Coupon hereby secured shall have any right to institute any suit, action or proceeding at law or in equity for the purpose of bringing the Mortgaged Premises or any part thereof to sale or for the execution of any trust or power hereunder or for any other remedy hereunder or for the appointment of a liquidator or receiver or for a receiving order under the Bankruptcy Act or to have the Company wound up or to file or prove a claim or value security in any liquidation or bankruptcy proceedings, unless such holder shall previously have given to the Trustee written notice of the happening of an event of default which has rendered enforceable the security hereby created and of the continuance thereof for thirty

(30) days; nor unless the Bondholders by a Bondholders' Instrument or by resolution passed at a meeting duly held as hereinafter provided in Article 23 of this Deed have made request to the Trustee and in either case the Trustee shall have been afforded reasonable opportunities either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; nor unless also such Bondholder or Bondholders, shall have furnished to the Trustee, when so requested by the Trustee, Trustee's Indemnification; nor unless also the Trustee shall have failed to act within a reasonable time after such notification, request and indemnification, and such notification, request and indemnification are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or act as aforesaid by or on behalf of the holder or holders of such Bonds or Coupons or any of them; it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereby created by his or their action or to enforce any right hereunder, except in the manner herein provided, and that all powers and trusts hereunder shall be exercised and all proceedings at law or in equity shall be instituted, had and maintained by the Trustee, except only as herein provided, and only in any event for the equal benefit of all holders of outstanding Bonds in proportion to the amounts to which they may respectively be entitled hereunder.

17.2. Trustee May Enforce Security Without Bonds. All rights of action under this Deed may be enforced by the Trustee without the possession of any of the Bonds or Coupons or the production thereof in any trial or other proceedings relative thereto.

17.3. Trustee May Institute Proceedings. The Trustee shall have the power to institute and maintain all and any such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security hereunder by any acts of the Company or of others in contravention of this Deed or otherwise in violation of law or as the Trustee may be advised shall be necessary or expedient to preserve and to protect its interests and the security and interests of the holders of the Bonds in respect of the Mortgaged Premises or in respect of the income, earnings, rents, issues or profits thereof.

17.4. Delay Not to Imply Waiver of Default. No delay or omission of the Trustee or of any of the Bondholders to exercise any right or power accruing hereunder or under the Bonds shall impair any such right or power, or shall be construed to be a waiver of any default or an acquiescence therein, and every power and remedy given hereby to the Trustee or to the Bondholders may be exercised by it or them from time to time and as often as may be deemed expedient by it or them.

17.5. **Stay of Proceedings by Extraordinary Resolution.** In case any action, suit or other proceeding to enforce any right under this Deed or the Bonds shall have been brought by the Trustee or by any Bondholder or Bondholders after failure of the Trustee to act, the Bondholders may by Extraordinary Resolution direct the Trustee or the Bondholder or Bondholders bringing any such action, suit or other proceeding to waive the default in respect of which any such action, suit or other proceeding shall have been brought upon payment of costs, charges and expenses incurred by the Trustee or the Bondholder or Bondholders, as the case may be, in connection therewith, and to stay or discontinue or otherwise deal with any such action, suit or other proceeding and such directions shall be binding upon the Trustee and such Bondholder or Bondholders and shall be observed by them.

ARTICLE 18

IMMUNITY OF OFFICERS, SHAREHOLDERS AND DIRECTORS

18.1. No recourse under or upon any obligation, covenant or agreement contained in this Deed or in any Bond or Coupon or under any judgment obtained against the Company, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances under or independently of this Deed, shall be had against any shareholder, officer or Director, past, present or future, of the Company or of any successor company, either directly or through the Company, or otherwise for the payment for or to the Company or any receiver, liquidator, trustee or sequestrator thereof or for or to the Trustee or for or to the holder of any Bond or Coupon or otherwise, of any sum that may be due and unpaid by the Company upon any such Bond or Coupon or otherwise under this Deed, and any and all personal liability of every kind and nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such shareholder, officer or Director on account of this Deed, and of the Bonds and Coupons and indebtedness represented thereby, by reason of any insufficiency or insufficiencies in the payment of any shares of the capital stock of the Company, is hereby expressly waived and released as a condition of and as part of the consideration for the execution of this Deed and the issue of the Bonds. Nothing herein or in the Bonds contained shall be taken, however, to prevent recourse to and the enforcement of the liability of any shareholder of the Company for uncalled capital, or the liability of any such shareholder upon unsatisfied calls or upon shares not fully paid up.

ARTICLE 19

APPOINTMENT OF NEW TRUSTEE

19.1. **General Provisions.** Any Trustee hereof may at any time resign office by not less than ninety (90) days' notice in writing to the Company or by such shorter notice as the Company may be willing to accept, and the Company may, subject as herein provided, at any time appoint in writing a new Trustee or new Trustees hereof in the place of any Trustee so resigning or desiring to be discharged from the trusts hereof, or being removed, dissolved or wound up or becoming bankrupt or going into liquidation or otherwise becoming incapable of acting or unfit to act; and, in the event of the Company failing so to do after being thereunto requested by any Bondholder or if after default a vacancy occurs in the office of Trustee or the Trustee ceases to act, such appointment shall be made by the holders of a majority in principal amount of the outstanding Bonds by an instrument or instruments in writing or by resolution adopted at a meeting of the Bondholders duly held as hereinafter provided.

19.2. **Qualification of New Trustee.** The Trustee hereunder shall always be a trust company having capacity and power to administer the trusts hereof and, if and so long as there be such a trust company willing to act as Trustee, having a capital and surplus of at least One million dollars (\$1,000,000) and having an office in the City of St. John's, Newfoundland and authorized to transact business in the Province of Newfoundland.

19.3. **Trustee and Company to Execute Instruments.** Any new Trustee appointed hereunder shall execute an instrument accepting such appointment hereunder and deliver one counterpart to the Company and one counterpart to the Trustee last in office, and thereupon such new Trustee without further act, deed or conveyance shall become vested with all the estates, properties, rights, powers and trusts of its predecessors in the trusts hereunder, with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of the successor Trustee or of the Company, the Trustee ceasing to act shall execute and deliver an instrument or instruments assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the Mortgaged Premises, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Company be required by any new Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in

writing shall, on request of said new Trustee, be made, executed, acknowledged and delivered by and at the expense of the Company.

19.4. Merger of Trustee, etc. Any company into which the Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Trustee shall be a party, shall be the successor Trustee under this Deed without the execution of any instrument or any further act.

ARTICLE 20

NON-PRODUCTION OF BONDS

20.1. In the event of a holder not producing any Bond upon the redemption, maturity or other date of payment thereof, a certificate of the Trustee hereunder of the deposit with it for payment of the principal amount of such Bond and of such premium, if any, and interest as may be due thereon shall avail as a cancellation of such Bond for the purposes hereof, and as sufficient authorization to the Company and to the Trustee to cancel all entries in any register or elsewhere relating to such Bond and to the Trustee to discharge *pro tanto* the security hereby created.

ARTICLE 21

DEFEASANCE

21.1. These presents and the estate and rights hereby granted shall cease, determine and be void and the Trustee shall, at the request and at the expense of the Company, cancel and discharge the charges of this Deed and execute and deliver to the Company such deeds or other instruments as shall be requisite to satisfy the charges hereof and to effect the cancellation of the registration hereof and to reconvey to the Company the Mortgaged Premises free and clear of the charges of this Deed, if the Company shall have first satisfied the Trustee that it has paid or made due provision satisfactory to the Trustee for the payment of all of the principal moneys, premium, if any, and the interest due or to become due on all of the Bonds outstanding hereunder at the times and in the manner therein and herein provided and also all other moneys payable hereunder by the Company or shall surrender or cause to be surrendered to the Trustee for cancellation all of the Bonds and Coupons and shall pay all sums which may be due to the Trustee hereunder or if the Bondholders by Extraordinary Resolution shall so require and shall cause to be paid all said sums. Bonds for the payment or

redemption of which money shall have been set apart by or paid to the Trustee in conformity with the provisions of this Deed shall be deemed to be paid within the meaning of this Article 21.

The registrar of any registration division in which any properties affected by this Deed are situate shall discharge and cancel the registration of any mortgage, pledge, charge, cession or transfer created hereby or hereafter created under the provisions hereof, upon the registration of any acquittance, discharge, release or documents to that effect signed by the Trustee, without being obliged to see that any of the conditions of this Deed have been fulfilled.

ARTICLE 22

EVIDENCE OF RIGHTS OF BONDHOLDERS

22.1. Concurrent Instruments. Any request, direction, notice, consent or other instrument which this Deed may require or permit to be signed or executed by the Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by attorney duly appointed in writing.

22.2. Proof of Execution. Proof of the execution of any such request or other instrument, or of a writing appointing any such attorney, or (subject to the provisions of Section 23.13 with regard to voting at meetings of Bondholders) of the holding by any person of Bonds or Coupons shall be sufficient for any purpose of this Deed if made in the following manner:

22.2.1. The fact and date of the execution by any person of such request or other instrument or writing may be proved by the certificate of any notary public, or other officer authorized to take acknowledgements of deeds to be recorded at the place where 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;

22.2.2. The fact of the holding by any person executing such request or other instrument of Bonds transferable by delivery and the amounts, designations and numbers thereof and the date of his holding the same may be proved by deposit of such Bonds with the Trustee or by a certificate executed by any bank, banker, trust company or other depositary satisfactory to the Trustee, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, certifying that on the date therein mentioned

such person had on deposit with such depository the Bonds described in such certificate and that such Bonds will remain so deposited until the surrender or cancellation of the certificate. The Trustee may, nevertheless, in its discretion, require further proof in cases where it deems further proof desirable or may accept such other proof as it shall consider proper; and

22.2.3. The ownership of Registered Bonds shall be proved by the registers as hereinbefore provided.

22.3. Evidence of Title of Unregistered Bondholder. The Trustee shall not be bound to recognize any person as the holder of unregistered Bonds unless and until his title thereto is proved as provided in Section 22.2 or in such other manner as the Trustee may consider sufficient.

ARTICLE 23

BONDHOLDERS' MEETINGS

23.1. Meetings of Bondholders shall be convened, held and conducted in the manner in this Article provided.

23.2. Who May Call Meetings. At any time and from time to time the Trustee or the Company may, and the Trustee shall on being served with a requisition signed by Bondholders representing at least Ten per cent (10%) of the aggregate principal amount of the Bonds then outstanding, convene a meeting of the Bondholders. In the event of the Trustee failing to convene a meeting after being thereunto required by the Bondholders as hereinbefore set forth, such Bondholders representing the requisite percentage of Bonds as aforesaid may themselves convene such meeting and the notice calling such meeting may be signed by such person or persons as such Bondholders may specify. Every such meeting shall be held at the City of St. John's, Newfoundland or in the City of Montreal, Quebec or at such other place as the Trustee may in any case determine or approve.

23.3. Series Meetings. If the business to be transacted at any meeting by resolution, extraordinary or otherwise, in the opinion of the Trustee especially affects the rights of the holders of any series of Bonds in a manner or to an extent substantially differing from that in or to which the rights of the holders of any other series are affected, then the meeting shall be and be deemed to be and is herein referred to as a series meeting.

23.4. Notice. At least twenty-one (21) clear days' previous notice of such meeting shall be given to the Bondholders and such notice shall state the time

when, and the place where, said meeting is to be held and shall specify in general terms the nature of the business to be transacted thereat, but it shall not be necessary to specify in the notice the text of the resolutions to be passed. Notices shall be given in the manner set forth in Section 2.18 and a copy thereof shall be sent by post or delivered to the Company and to the Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting.

23.5. Quorum. At any meeting of the Bondholders, subject as hereinafter provided, a quorum shall consist of two (2) or more persons present in person holding either personally or as proxies for holders not less than a majority in principal amount of all outstanding Bonds. If, however, the meeting is a series meeting, a quorum shall consist of the holders of not less than a majority in principal amount of all outstanding Bonds and also not less than a majority in principal amount of the outstanding Bonds of each series especially affected as aforesaid present in person or by proxy. In the event of such quorum not being present on the date for which the meeting is called within one-half hour after the time fixed for the holding of such meeting, the meeting may be adjourned to be held at a place and upon a date and at an hour to be fixed by the Trustee who shall give not less than Seven (7) days' notice of the date to which such meeting is adjourned and at such adjourned meeting a quorum shall consist of the Bondholders then and there present in person or represented by proxy and voting.

23.6. Chairman. Some person, who need not be a Bondholder, nominated in writing by the Trustee, shall be Chairman of the meeting and, if no person is so nominated or if the person so nominated is not present within twenty-five (25) minutes from the time fixed for the holding of the meeting, the Bondholders and proxies for Bondholders present shall choose one of their number to be Chairman

23.7. Bonds Held by Company. Bonds held by or for the Company, directly or indirectly, or by or for any Subsidiary, directly or indirectly, or held directly or indirectly by or pledged to any corporation which is under direct or indirect common control with the Company or by or to any corporation which controls the Company shall not be deemed to be outstanding Bonds for any purpose of this Article 23, provided, however, that Bonds pledged or charged by the Company or any Subsidiary or any such corporation as security for loans or other indebtedness shall, for all such purposes, be deemed to be outstanding Bonds and the pledgees thereof or holders of any lien or charge thereon shall be qualified and entitled to sign any requisition or notice, attend all meetings of Bondholders, and vote thereat in respect of the Bonds so pledged or charged by

the Company, unless such pledgees or holders are expressly precluded under the terms of the pledge or charge from freely exercising in their discretion, uncontrolled by the Company or any Subsidiary or any such corporation, the right to vote such Bonds, in which case the terms of the pledge or charge shall govern.

23.8. Majority Required. Every question submitted to a meeting, except an Extraordinary Resolution, shall be decided in the first place by a majority of the votes given on a show of hands. In the case of an equality of votes on a show of hands the Chairman shall have a casting vote.

23.9. Poll. A poll shall be taken on every Extraordinary Resolution and, when requested by a Bondholder or Bondholders, or by a proxy or proxies representing a Bondholder or Bondholders holding at least Ten thousand dollars (\$10,000) principal amount of the Bonds, on any other question or resolution.

23.10. Idem. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded.

23.11. Votes. At any meeting of the Bondholders each person present and entitled to vote shall on a show of hands have one vote and on a poll each Bondholder present in person or by proxy shall be entitled to one vote for every Ten dollars (\$10) principal amount or, in the case of Bonds made payable in any currency other than lawful money of Canada, such sum corresponding thereto as nearly as may be as the Directors may determine, of Bonds of which he shall be the holder. Votes may be given in person or by proxy and a proxy need not be a Bondholder.

23.12. Majority at Series Meeting. At a series meeting no ordinary resolution shall be deemed to have been validly passed or adopted unless there shall have been given in favour thereof not less than a majority of the votes given respectively by the holders of each series of Bonds affected as aforesaid as well as a majority of all the votes given thereon.

23.13. Trustee May Make Regulations. The Trustee may (for the purpose of enabling the holders of unregistered Bonds to be present and vote at any meeting without producing their Bonds and of enabling them and the holders of Registered Bonds to be represented and vote at any such meeting by proxy and

of lodging such proxies at some place or places other than the place where the meeting is to be held) from time to time make and from time to time vary such regulations as it shall think fit providing for and governing:

23.13.1. The deposit of unregistered Bonds with any bank, banker, trust company or other depositary satisfactory to the Trustee, and for the issue to the persons so depositing such Bonds of certificates by such depositary in terms satisfactory to the Trustee that such Bonds have been so deposited, which certificates will entitle the persons named therein to be present and vote at any such meeting, and at any adjournment thereof, and to appoint proxies to represent them and vote for them at any such meeting, and at any adjournment thereof, in the same way as if the persons so present and voting either personally or by proxy were the actual bearers of the Bonds in respect of which such certificates shall have been issued, and such Bonds shall be conclusively deemed to be held as so certified; and

23.13.2. The voting by proxy by holders of Registered Bonds and the form of instrument appointing a proxy where authorized under such regulations and the manner in which the same shall be executed, and for the production of the authority of any person signing on behalf of the giver of such proxy; and

23.13.3. The deposit of such certificates and of the instruments appointing proxies at such place or places as the Trustee (or the Company in case the meeting is convened by the Company) may in the notice convening the meeting direct, and the time, if any, before the holding of the meeting or adjourned meeting by which the same shall be deposited; and

23.13.4. The lodging of such deposit certificates and of instruments appointing proxies at some place other than the place at which the meeting is to be held and for the forwarding by the custodian of particulars of such deposit certificates and instruments by cable or telegraph before the meeting to the Company or to the Trustee or to the Chairman of the meeting at the place where the same is to be held, and that proxies so deposited may be voted upon as though the certificates or instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and votes given in accordance therewith shall be valid and shall be counted. The Trustee may dispense with any such deposit and permit Bondholders to make proof of ownership in such other manner, if any, as the Trustee and the Company may approve. Save as aforesaid, the only persons who shall be recognized at any meeting as the holders of Bonds or as entitled to vote or be present at the meeting in respect

thereof shall be persons who produce unregistered Bonds at the meeting and the Registered Bondholders.

23.14. Persons Who May Attend Meetings. In addition to the Bondholders and their proxies, the respective officers and directors of any corporate Bondholder may attend any meeting of Bondholders. The Company and the Trustee by their respective officers and directors may attend any such meeting. The legal advisers of the Company and of the Trustee may also attend any such meeting.

23.15. Powers by Extraordinary Resolution. A meeting of the Bondholders shall, in addition to any powers hereinbefore given, have the following powers, exercisable from time to time by Extraordinary Resolution only, except where provided otherwise in this Deed:

23.15.1. Power to require the Trustee on having entered into and taken possession of the Mortgaged Premises or any part thereof, or to authorize any receiver in possession of the Mortgaged Premises, to restore the same to the Company upon such conditions as such resolution may specify;

23.15.2. Power to authorize the Trustee to accept in satisfaction or part satisfaction for the sale or transfer by the Trustee of all or any part of the Mortgaged Premises any shares (whether preference, ordinary, deferred, management or founders), bonds, debentures, mortgages, debenture stock or any other securities of any company, including any Subsidiary, formed or to be formed;

23.15.3. Power to sanction any scheme for the reconstruction or reorganization of the Company or for the consolidation, amalgamation or merger of the Company with any other company, including any Subsidiary, or for the selling or leasing of the undertaking, property and assets of the Company or any part thereof, provided that no such sanction shall be necessary for a reconstruction, reorganization, consolidation, amalgamation or merger or transfer under the provisions of Article 15 hereof;

23.15.4. Power to authorize the distribution in specie of any shares or securities or the use or disposal of the whole or any part of such shares or securities or any cash in such manner and for such purpose as may be deemed advisable;

23.15.5. Power to require the Trustee to exercise or refrain from exercising any of the rights which it or the Bondholders is or are entitled to exercise under this Deed or under the Bonds or to waive any default on the part of the Company, other than non-payment of any principal moneys at maturity, upon such terms as may be decided upon;

23.15.6. Power to sanction the release of the Company and of the whole or any part of the Mortgaged Premises from any or all of the charges hereby created;

23.15.7. Power to authorize the Trustee or any other corporation, firm, person or persons to do all or any of the following, namely:

23.15.7.1. to bid or tender at any sale of the Mortgaged Premises or any part thereof;

23.15.7.2. to tender in payment or part payment on account of the purchase price of any property so purchased all or any part of the Bonds then outstanding or to set off the amount or any part thereof due upon all or any of the Bonds then outstanding against such purchase price and to give to the Company a valid discharge in respect of the Bonds so tendered or the amount so set off;

23.15.7.3. to borrow the moneys required to make any deposit at said sale or to pay the balance of the purchase price and to mortgage, pledge, charge, cede and transfer the property so purchased and any or all Bonds not so tendered or any part or parts of such property or Bonds as security for the repayment of the moneys so borrowed and interest thereon, or itself, himself or themselves, as the case may be, to advance such moneys in which event it, he or they shall have a lien, charge or privilege upon or a right of retention of the property so purchased and on or of the Bonds not so tendered for the amount so advanced and interest thereon;

23.15.7.4. to hold any property so purchased and Bonds not so tendered (subject to any mortgage, charge, lien, privilege, cession or transfer or to such right of retention to secure any moneys so borrowed or advanced) in trust for all the holders of the Bonds at the time of such tender *pro rata* in proportion to the amounts due to them thereon respectively in principal, premium, if any, and interest before the making of such tender;

23.15.7.5. to sell, transfer and convey the whole or any part or parts of the property so purchased for such consideration in cash or in the shares, bonds, debentures or other securities of any company formed or to be formed, or partly in cash and partly in such securities, and upon such terms and conditions as may be determined by such Extraordinary Resolution of the Bondholders, or, failing such determination, as it, he or they may deem expedient, and, subject to such terms and conditions,

to dispose of such cash, shares, bonds debentures or other securities pursuant to the provisions of Section 23.15.4; and

23.15.7.6. until the sale, transfer and conveyance of the whole of such property so purchased, to maintain and operate such part of said property as has not been disposed of and for such purposes to borrow moneys and to mortgage, pledge, charge, cede and transfer the property so purchased, or any part or parts thereof, as security for the repayment of the moneys so borrowed, with interest thereon, or itself, himself or themselves, as the case may be, to advance such moneys, in which event it, he or they shall have a lien, charge or privilege upon or right of retention of the property so purchased for the amounts so advanced and interest thereon and otherwise to deal with such property and the proceeds of any sale, transfer or conveyance thereof as the Bondholders may by such Extraordinary Resolution direct;

23.15.8. Power to remove the Trustee from office and to appoint a new Trustee or Trustees;

23.15.9. Power to sanction any change whatsoever of any provision of the Bonds or of this Deed and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Bondholders against the Company or against its property, whether such rights shall arise under the provisions of this Deed or otherwise;

23.15.10. Power to sanction the exchange of the Bonds for or the conversion thereof into shares, bonds, debentures, or other securities of the Company or of any company formed or to be formed and to change or vary the rate or rates and the terms upon which any exchange or conversion may be effected;

23.15.11. Power to assent to any compromise or arrangement by the Company with any creditor, creditors or class or classes of creditors or with the holders of any shares or securities of the Company;

23.15.12. Power to authorize the Trustee, in the event of the Company making an authorized assignment or a custodian or trustee being appointed under the Bankruptcy Act or a liquidator being appointed under the Winding-Up Act, for and on behalf of the Bondholders, and in addition to any claim or debt proved or made for its own account as Trustee hereunder, to file and prove a claim or debt against the Company and its property for an amount equivalent to the aggregate amount which may be payable in

respect of the Bonds, value security, and vote such claim or debt at meetings of creditors and generally act for and on behalf of the Bondholders in such proceedings as such Extraordinary Resolution may provide;

23.15.13. Power to restrain any holder of any Bond or Coupon hereby secured from taking or instituting any suit, action or proceeding for the purpose of realizing the security or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or trustee in bankruptcy or to have the Company wound up or for any other remedy hereunder and to direct such holder of any Bond or Coupon to waive any default or defaults by the Company on which any suit or proceeding is founded;

23.15.14. Power, subject to the provisions of Section 17.5 hereof, to direct any Bondholder or Bondholders bringing any action, suit or proceeding and the Trustee to waive the default in respect of which such action, suit or other proceeding shall have been brought;

23.15.15. Power to require the Trustee to make a declaration under the provisions of Section 12.2 hereof or to proceed to enforce the security hereunder, but subject always to compliance with the provisions of Section 13.14 hereof;

23.15.16. Power to assent to any modification of or change in or addition to or omission from the provisions contained in this Deed which shall be agreed to by the Company and to authorize the Trustee to concur in and execute any deed supplemental to this Deed embodying any such modification, change, addition or omission or any deeds, documents or writings authorized by Extraordinary Resolution; and

23.15.17. 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 Bondholders, such of the powers of the Bondholders which are exercisable by Extraordinary Resolution or other resolution 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. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Bondholders. 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 Bondholders. Neither the Committee nor any member thereof 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.

The foregoing powers shall be deemed to be several and not dependent on each other and each paragraph of this Section 23.15 and each power therein conferred shall, accordingly, be construed as complete in itself and not by reference to any other paragraph or power in said Section 23.15 and the exercise of any one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Bondholders to exercise such power or powers, or combination of powers, thereafter from time to time.

23.16. Extraordinary Resolution Binding. An Extraordinary Resolution, passed at a meeting of the Bondholders held in accordance with the provisions hereof, shall be binding upon all the Bondholders and upon each and every Bondholder whether present or absent.

Save as herein expressly otherwise provided, no action shall be taken at a meeting of the Bondholders which changes any provision of this Trust Deed or changes or prejudices the exercise of any right of any Bondholder except by Extraordinary Resolution as hereinbefore provided.

23.17. Declaration by Chairman of Vote. At any meeting of the Bondholders, in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

23.18. Minutes. Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by the Trustee, at the expense of the Company, and any such minutes, as aforesaid, 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 Bondholders, shall be *prima facie* evidence of the matters therein stated, and, until 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 or proceedings had thereat to have been duly passed and had.

23.19. Extraordinary Resolution in Writing. Notwithstanding the foregoing provisions of this Deed, any resolution or instrument signed in one or more

counterparts by the holders of not less than Seventy-five per cent (75%) of the aggregate principal amount of the Bonds for the time being outstanding shall have the same force and effect as an Extraordinary Resolution duly passed by the Bondholders under the provisions of this Article 23 with respect to Extraordinary Resolutions. Where the matters contained in such resolution or instrument would, if contained in an Extraordinary Resolution adopted at a meeting, require such meeting to be considered as a series meeting, such resolution or instrument shall also be signed by the holders of not less than Seventy-five per cent (75%) of the aggregate principal amount of the outstanding Bonds of each series especially affected thereby as aforesaid.

ARTICLE 24

ADMINISTRATION OF THE TRUST AND PROTECTION OF THE TRUSTEE

24.1. General. By way of supplement to the provisions of any act of any of the Provinces of Canada for the time being relating to trustees and in addition to any other provision of this Deed for the relief of the Trustee, the provisions of this Article 24 which follow shall have express application to the duties, obligations, activities, and responsibility of the Trustee hereunder.

24.2. Advice of Experts. The Trustee may in relation to these presents act on the opinion or advice of or information obtained from any lawyer, appraiser, valuer, auditor, engineer, surveyor, broker, auctioneer or other expert, whether obtained by the Trustee or by the Company, or otherwise, but shall not be bound to act upon such opinion, advice or information and shall not be responsible for any loss occasioned by so acting or not acting, as the case may be, and may employ such assistance as may be necessary to the proper discharge of its duties and may pay proper and reasonable compensation for all such legal and other advice, information or assistance as aforesaid.

24.3. Evidence of Advice. Any such advice or opinion or information may be sent or obtained by letter, telegram, radio or cablegram, and the Trustee shall not be liable for acting on any advice, opinion or information, purporting to be conveyed by any such means, although the same shall contain some error or shall not be authentic.

24.4. Proof by Officers' Certificate. Except where some other mode of proof is required or permitted by this Deed, the Trustee shall be at liberty to accept an Officers' Certificate (i) as to any statements of facts, as conclusive evidence of the truth of such statements, and (ii) to the effect that any particular

act or transaction or step or thing is, in the opinion of the persons so certifying, expedient, as sufficient evidence that such act, transaction, step or thing is expedient, and (iii) as to the amount of the Bonds which, having been certified by the Trustee, have, after having been pledged, delivered or deposited by the Company, been re-acquired by the Company in accordance with the provisions of Sections 2.34 and 2.35 hereof and are for the time being in the possession of the Company pending the sale or other disposal thereof, and (iv) as to the due payment of or provision for the due payment of any interest due upon or any interest Coupons attaching to any of the Bonds, as sufficient evidence that it has been so paid or provided for, and (v) as to any expenditure made or indebtedness incurred by the Company for the purpose of its undertaking, as sufficient evidence that it is so made or incurred, and the Trustee shall be in no wise bound to call for further evidence or be responsible for any loss that may be occasioned by its failing to do so.

24.5. Trustee Accountable for Reasonable Diligence Only. The Trustee shall only be accountable for reasonable diligence in the management of the trusts hereof and shall not be liable for any act or default on the part of any agent or co-trustee, or for having permitted any agent or co-trustee to receive and retain any moneys payable to the Trustee hereunder, but the Trustee hereof shall only be liable for its own wilful acts and defaults.

24.6. Deposit of Securities. The Trustee shall be at liberty to place all or any securities or other assets or property deposited with it hereunder and all deeds or other documents of title to any of the Mortgaged Premises, in any safe or receptacle selected by the Trustee, or with any banker or banking company or lawyer or firm of good repute, or other depository in any part of Canada, or, if the Trustee thinks fit, with the manager or responsible officer of the Company in the locality where such Mortgaged Premises may from time to time be situate, and the Trustee shall not be responsible for any loss incurred in connection with any such deposit, and the Trustee may pay out of the Mortgaged Premises all sums required to be paid on account of or in respect of any such deposit.

24.7. Trustee's Certificate Not Warranty. The certificate of the Trustee signed on the Bonds issued hereunder shall not be construed as a representation or warranty by the Trustee as to the nature, extent, priority, validity or security of the charge created or purporting to be created by this Deed or the Bonds and the Trustee shall in no respect be liable or answerable for the use made of said certificate or of the Bonds or any of them or the proceeds thereof.

24.8. Trustee Not Responsible for Agents — Remuneration. The Trustee may employ such attorneys, bankers, receivers, lawyers, agents, officers and other

assistants as it may reasonably require for the proper discharge of its duties hereunder and shall not be responsible for any misconduct on the part of any such attorneys, bankers, receivers, lawyers, agents, officers and other assistants or persons appointed by it hereunder or be bound to supervise the proceedings of any such appointee and may pay reasonable remuneration for all services performed for it in the discharge of the trusts hereof without taxation of any costs or fees of any counsel, solicitor or attorney and shall be entitled to receive reasonable remuneration for all services performed by it in the discharge of the trusts hereof and compensation for all disbursements, costs, liabilities and expenses made or incurred by it in the discharge of its duties hereunder, and in the management of the trusts hereof and all such remuneration, disbursements, costs, liabilities and expenses, and all remuneration and expenses incident to the preparation, execution and recording of this Deed or of any instrument ancillary or supplemental hereto and the preparation, execution and issue of the Bonds whether done or incurred at the request of the Trustee or the Company shall bear interest at the rate of Seven per cent (7%) per annum from the date of the same being incurred, expended or becoming due and shall be payable on demand and together with such interest are hereby declared to be secured by the security created hereunder and to be a charge upon the Mortgaged Premises prior to the charge securing the Bonds.

24.9. Not Bound to Give Notice. The Trustee shall not be bound to give notice to any person or persons of the execution hereof or of the charge of these presents, unless and until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same.

24.10. Discretion. The Trustee, except as herein otherwise provided, shall, as regards all the trusts, powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to the exercise thereof, whether in relation to the manner or as to the mode of and time for the exercise thereof, and, in the absence of fraud, it shall in no way be responsible for any loss, costs, damages or inconveniences that may result from the exercise or non-exercise thereof.

24.11. Not Responsible to Subscribers. The Trustee shall not be responsible for the moneys subscribed by applicants for or purchasers of the Bonds or be bound to see to the application thereof.

24.12. May Buy, Sell Bonds, Contract With Company. The Trustee may buy, sell, lend upon and deal in the Bonds, either with the Company or otherwise, and generally contract and enter into financial transactions with the Company or otherwise, without being liable to account for any profits made thereby.

24.13. Not Liable for Defect in Charge, etc. The Trustee shall not be liable for or by reason of any failure or defect of title to or any lien, charge or encumbrance upon the Mortgaged Premises or for or by reason of the statements, recitals or implications of fact or law contained in or arising out of anything contained in this Deed or in the Bonds or Coupons or be required to verify the same, but all such statements, recitals or implications shall be deemed to have been made by the Company only, and it shall not be the duty of the Trustee, and nothing herein contained shall in any way cast any obligation upon the Trustee, to see to the registration or filing or renewal of this Deed, or any other deed or writing by way of mortgage, pledge, charge, cession or transfer of or upon the Mortgaged Premises or any part thereof, or upon any other property of the Company or to procure any local mortgage or charge or other additional instrument of further assurance or to do any other act for the continuance of the lien or charge thereof or for giving notice of the existence of such lien or charge or for extending or supplementing the same, or to insure or keep insured against loss or damage by fire or otherwise the Mortgaged Premises or any part thereof, or to keep itself informed or advised as to the payment by the Company of any taxes or assessments or premiums of insurance or other payments which the Company should make or to require such payments to be made, it being hereby agreed and declared that as to all matters and things in this Section 24.13 referred to, the duty and responsibility shall rest upon the Company and not upon the Trustee and the failure of the Company to discharge such duty and responsibility shall not in any way render the Trustee liable or cast upon it any duty or responsibility for breach of which it would be liable.

24.14. May Take Proceedings. The Trustee may, if it so elects, enforce all or any of its rights hereunder by judicial proceedings in any court of competent jurisdiction. This power of the Trustee shall be in addition to any other powers which may from time to time be vested in it under the general law or as holder of any of the Bonds or Coupons.

24.15. Not Bound to Enforce Covenants. The Trustee shall not be bound to do, observe, or perform, or see to the observance or performance by the Company, of any of the obligations herein imposed upon the Company or of the covenants on the part of the Company herein contained, including without limiting the generality of the foregoing, of any of the covenants of the Company to register this Deed or to execute or register further assurances of or mortgages or charges upon the Mortgaged Premises or any part thereof nor to take any steps to enforce the security hereof, nor in any way to supervise or interfere with the conduct of the Company's business, unless and until the security hereby created shall have become enforceable and the Trustee shall have determined or become

bound to enforce the same and unless the Trustee shall have been required to do so by a Bondholders' Instrument or by a resolution of the Bondholders passed in accordance with the provisions contained in Article 23 of this Deed, and then only after receipt by it of Trustee's Indemnification.

24.16. Powers in Bankruptcy Proceedings, etc. In the event of the Company making an authorized assignment or a custodian, trustee or liquidator in respect of the Company's properties being appointed under the Bankruptcy Act or the Winding-Up Act, the Trustee, if authorized by an Extraordinary Resolution may in bankruptcy or winding-up proceedings and as Trustee and on behalf of the Bondholders file and prove a claim, value security and vote and act at all meetings of creditors and otherwise in such proceedings as directed or empowered by such Extraordinary Resolution.

24.17. Delegation of Powers. The Trustee or any officer of the Trustee acting within the scope of his duties may, whenever it thinks it expedient in the interests of the Bondholders and from time to time, delegate to any company or person or persons or fluctuating body of persons, whether being a Trustee hereof or not, the performance of any of the trusts and powers vested in it by these presents, and any such delegation may be made upon such terms and conditions and subject to such regulations, not including, however, any power to sub-delegate, as the Trustee may think to be in the interests of the Bondholders, and the Trustee shall not be in any way responsible for any loss incurred by the misconduct or default of any such delegate or such delegates as it shall from time to time have so designated.

24.18. Receipt Good Discharge. Notwithstanding anything herein to the contrary contained, any payment to be made to the Trustee either by the Company or by any person, or any act or thing to be done by the Trustee may, if and so long as there is more than one Trustee hereof, be made to or done by any one of the Trustees, and the receipt of any one Trustee shall be a good and sufficient discharge to the person making any such payment who shall not be bound to see to the application of the moneys so paid or be liable or responsible for the mis-application or non-application thereof.

24.19. Form of Demands, Notices, etc. Any written demand, statement, request, notice, designation, direction or nomination to be made by the Company under any of the provisions hereof shall, unless otherwise provided, be deemed sufficiently made and executed if contained in an Officers' Certificate. The Trustee may accept a certificate signed by the Secretary or an Assistant-Secretary of the Company as sufficient evidence of the passage of any resolution of the Directors or of the shareholders of the Company.

24.20. Trustee May Require and Act on Certificates. The Trustee shall not be bound to act as hereinbefore provided in accordance with any direction or request of the Company or of the Directors until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be fully empowered to act and shall be fully protected from all liability in acting upon any instrument or instruments purporting to be proper certificates or copies of resolutions of the Directors and believed by the Trustee to be genuine.

24.21. Regularity of Certificates, etc. The Trustee shall not be responsible for any error made, or act done by it, resulting from reliance upon the Company's seal or upon the identity, official position or signature of any officer or Director of the Company, or of any person on whose signature the Trustee may be called upon to act or refrain from acting under this Deed.

24.22. Not Responsible for Properties Retained by Company. The Trustee shall not incur any liability or responsibility whatever in consequence of permitting or suffering the Company, its successors or assigns, to retain or be in possession of any part of the Mortgaged Premises; and to use and enjoy the same unless herein expressly otherwise provided; nor shall the Trustee be or become responsible or liable for any destruction, deterioration, loss, injury or damage which may be done or occur to the Mortgaged Premises by the Company, its agents or servants, or by any other person or corporation, or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants herein contained or of any acts of the agents or servants of the Company.

24.23. Not Responsible for Bank Deposits. The Trustee shall not be responsible or accountable in any way for any loss incurred or suffered in connection with any moneys deposited in or with a chartered bank of Canada or any other depositary, whether such deposit be made pursuant to the provisions hereof or in the exercise of its discretion.

ARTICLE 25

ACCEPTANCE OF TRUST BY TRUSTEE

25.1. The Trustee hereby accepts the trusts in this Deed declared and provided and agrees to perform the same upon the terms and conditions hereinbefore set forth.

ARTICLE 26

CORRECTION OF ERRORS

26.1. The Company and the Trustee may correct typographical, clerical or other manifest errors in the present Deed, provided that such correction shall in the opinion of the Trustee in no way prejudice the rights of the Trustee or the Bondholders hereunder, and the Company and the Trustee may execute all such documents as may be necessary to correct such errors.

ARTICLE 27

SCHEDULES

27.1. The following are the First and Second Schedules of this Deed herein referred to:—

FIRST SCHEDULE

(FORM OF COUPON BOND REGISTRABLE AS TO PRINCIPAL ONLY)

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

(Incorporated under the laws of Newfoundland)

.....% First Mortgage Bond Series

Due....., 19....

No.....

\$.....

NEWFOUNDLAND LIGHT & POWER CO. LIMITED (hereinafter called the "Company") for value received promises to pay to the bearer hereof or, if registered, to the registered holder hereof, on the day of, 19...., or on such earlier date as the principal moneys hereof become payable in accordance with the provisions of the Trust Deed hereinafter mentioned, on presentation and surrender of this Bond, the sum of dollars (\$.....) in lawful money of, at the option of the holder, at

together with such further sum, if any, as may be payable by way of premium, and to pay interest thereon (as well after as before maturity and after default) from the day of, 19..., at any such place of payment in like money, at the rate of per cent (....%) per annum, half-yearly, on thedays of the months ofand in each year, in accordance with and upon presentation and surrender of the respective annexed Coupons as they severally become due, together with interest on all overdue interest at the same rate, computed semi-annually, from its due date until actual payment.

This Bond is one of an issue designated Initial First Mortgage Bonds issued in series and designated Series A to Q inclusive (herein sometimes referred to as the "Initial Bonds") secured by Deed of Trust and Mortgage bearing formal date of September 15, 1966, executed by the Company in favour of Montreal Trust Company, as Trustee (which Deed is herein referred to as the "Trust Deed") and reference to which is hereby made for a description of the rights of the holders of the Bonds issued thereunder against the Company and among themselves and the terms and conditions upon and subject to which the Bonds are issued and held.

The Trust Deed contains no fixed limitation of the aggregate principal amount of the Bonds authorized to be issued thereunder and such Bonds may, subject to the provisions of the Trust Deed, be issued in one or more series, bearing such date or dates, maturing on such date or dates, bearing interest at such rate or rates, redeemable before maturity in such manner with or without payment of a premium and entitled to such sinking fund or sinking funds, if any, and subject to such rights of purchase by the Company and to such other provisions as may be deemed necessary or expedient by resolution of the Directors passed at or prior to the time of issue thereof.

Initial Bonds in the principal amount of \$20,847,430 Canadian currency and \$2,500,000 United States currency, have been authorized for immediate issue under the Trust Deed. The Initial Bonds are issuable as coupon bearer Bonds registrable as to principal only in the denominations of \$500 and \$1000, and as Fully Registered Bonds in the denominations of \$500 and \$1000 and authorized multiples thereof. By exception, the bonds of Series Q are only issuable as Fully Registered Bonds in the denomination of \$10 and multiples thereof.

All Bonds at any time outstanding under the Trust Deed rank *pari passu* and are equally and rateably secured by the Trust Deed except as to sinking funds pertaining exclusively to any particular series.

The Initial Bonds are redeemable prior to maturity in whole at any time, or in part from time to time, at the option of the Company on not less than thirty (30) days' notice at the principal amount thereof plus such premium (if any) and accrued interest (if any) with respect to each series of Initial Bonds and respectively for sinking fund purposes and for other purposes, all as provided for, and subject to the restrictions contained in, the Trust Deed.

The right is reserved to the Company to purchase Initial Bonds at any time and from time to time in the market or by tender or private contract at a price not exceeding the redemption price thereof for other than sinking fund purposes applicable at the time of purchase, plus accrued interest to the date of purchase, plus reasonable costs of purchase.

The Company has covenanted in the Trust Deed to provide for the benefit of the holders of the several series of Initial Bonds sinking funds requiring the payment by the Company to the Trustee of the respective sums in each year for the respective series of Initial Bonds as follows: (a) for the Bonds of Series A, B, C, D and E, \$110,000; (b) for the Bonds of Series F, \$15,000; (c) for the Bonds of Series G, \$6,000; (d) for the Bonds of Series H, \$10,000; (e) for the Bonds of Series I, \$20,000; (f) for the Bonds of Series J, \$12,500; (g) for the Bonds of Series K, \$20,000; (h) for the Bonds of Series L, \$10,000; (i) for the Bonds of Series M, \$25,000 U.S.; (j) for the Bonds of Series N, \$27,500; (k) for the Bonds of Series O, \$7,500; (l) for the Bonds of Series P, \$7,500; (m) for the Bonds of Series Q, \$2,500. The sinking fund payment dates for each sinking fund, the manner of fulfilment thereof and the provisions for the application thereof are set out in the Trust Deed.

Registers will be kept by and at the office of the Trustee in the Cities of St. John's, Montreal and Toronto, Canada, and at such other place or places, and by the Trustee, as Registrar, or such other Registrar or Registrars, if any, as the Company, with the approval of the Trustee, may designate, in any one of which the holder or holders of Coupon Bonds may register the same as to principal only, such registration to be certified or noted on such Bonds and in which registers transfers of Bonds so registered shall be entered. Notwithstanding such registration the Coupons when detached shall continue to be payable to bearer and pass by delivery.

The names and post office addresses of the holders of unregistered Bonds may also be entered in books kept for that purpose at the like places and Bondholders are invited to so register in order that they may conveniently be communicated with in case of need.

Except when registered as to principal, this Bond is transferable by delivery. When so registered, no transfer of this Bond nor any transmission thereof by death shall be valid unless made on one of such registers by the registered holder or by his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing, in form and as to execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other Registrar may prescribe, and unless such transfer shall have been duly noted hereon by the Trustee or other Registrar. This Bond, after its registration as to principal, may be discharged from registry by being transferred to bearer, after which it shall again be transferable by delivery, but may again from time to time be registered as to principal only and discharged from registry.

Subject to the provisions of the Trust Deed, this Bond may be exchanged for an equal aggregate principal amount of Bonds of the same series in coupon or fully registered form in any authorized denomination or denominations at any of the said offices of the Trustee. In every case of exchange, the Bond or Bonds and the Coupons surrendered shall be cancelled, and, except as provided in the Trust Deed, for any such exchange and for any registration of Bonds as to principal only, the Trustee or other Registrar may make a sufficient charge to reimburse it for any stamp taxes or governmental charge required to be paid and a charge of fifty cents (50¢) for its services and, in addition, may charge a sum not exceeding one dollar (\$1.00) per Bond issued upon such exchange, registration or transfer, and payment of said charges shall be made by the party requesting such exchange, registration or transfer as a condition precedent thereto.

Any notice shall be deemed to be validly given to the holder of this Bond, if not then registered as to principal or if the holder has not registered his name and post office address as aforesaid, by advertising the same in a daily newspaper of general circulation, approved by the Trustee, published in the City of St. John's, and in a daily newspaper of general circulation, approved by the Trustee, published in the City of Montreal, and in a daily newspaper of general circulation, approved by the Trustee, published in the City of Toronto, or, if this Bond is registered as to principal, by sending such notice to such holder by ordinary mail prepaid addressed to such holder at his post office address appearing in any register or, in the case of joint holders, to the registered address of that one whose name stands first in the register as one of such joint holders, and every notice so advertised or so sent by post shall be deemed to have been given on the day upon which it is advertised (or first advertised if more than one advertisement is required under any of the provisions of the Trust Deed), as aforesaid, or on the day when such notice is posted, as the case may be.

The Trust Deed contains provisions for holding meetings of Bondholders, for notice of such meetings and for making binding upon all Bondholders, resolutions, including Extraordinary Resolutions, passed at such meetings in accordance with such provisions, and instruments in writing signed by the holders of a specified percentage of Bonds outstanding.

This Bond is subject to all the terms and conditions of the Trust Deed, to all of which the holder of this Bond by his acceptance hereof assents.

This Bond shall not become obligatory for any purpose until it shall have been certified by the Trustee for the time being of the Trust Deed.

IN WITNESS WHEREOF, NEWFOUNDLAND LIGHT & POWER CO. LIMITED has caused its corporate seal to be hereunto affixed and this Bond to be signed by the President or a Vice-President and countersigned by the Secretary or any Director of the Company and to be dated as of, 19....

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

Per
President or Vice-President

Countersigned by:

.....
Secretary or Director

(FORM OF TRUSTEE'S CERTIFICATE)

This Bond is one of the% First Mortgage Bonds Series
issued under the Trust Deed within mentioned.

MONTREAL TRUST COMPANY,
Trustee

By
Authorized Officer

(FORM OF REGISTRATION)
(No writing hereon except by the Registrar)

Date of Registry	In whose name registered	Signature of Registrar

(FORM OF COUPON)

NEWFOUNDLAND LIGHT & POWER CO. LIMITED will pay to the bearer on the day of, 19....., the sum of Dollars (\$.....) in lawful money of Canada at the option of the holder at, being one-half year's interest on its% First Mortgage Bond Series, No. dated as of, 19...., unless said Bond shall previously have been called for redemption and the redemption money deposited as provided in the Trust Deed.

Coupon No.....

.....
Secretary or Treasurer or Assistant-Secretary
or Assistant-Treasurer

(FORM OF FULLY REGISTERED BOND)

NEWFOUNDLAND LIGHT & POWER CO. LIMITED
(Incorporated under the laws of Newfoundland)

.....% First Mortgage Bond Series

Due, 19....

No.....

\$.....

NEWFOUNDLAND LIGHT & POWER CO. LIMITED (hereinafter called the "Company") for value received promises to pay to

..... or registered assigns on the day of, 19...., or on such earlier date as the principal moneys hereof become payable in accordance with the provisions of the Trust Deed hereinafter mentioned, on presentation and surrender of this Bond, the sum of dollars (\$.....) in lawful money of, at the option of the holder, at

..... together with such further sum, if any, as may be payable by way of premium, and to pay interest thereon (as well after as before maturity and after default) from the day of or (such dates being herein called the "interest payment dates") as the case may be, next preceding the date of certification hereof or from the date of such certification if it be an interest payment date at any such place of payment in like money subject as aforesaid, at the rate of per cent (.....%) per annum, half-yearly, on each of the interest payment dates in each year, together with interest on all overdue interest at the same rate, computed semi-annually, from its due date until actual payment.

As the interest matures, the Company (except in case of payment at maturity or if called for redemption, in which cases payment of interest may, at the option of the Company, be made upon surrender of this Bond) shall forward by unregistered mail, postage prepaid, addressed to the registered address of the holder hereof for the time being or, in the case of joint holders, to the registered address of that one whose name stands first in the register as one of such joint holders, a warrant or cheque on the Company's bankers for such interest (less any tax required to be deducted) payable at any branch in Canada of the Company's bankers, at the holder's option. Such warrant or cheque shall be payable to the

order of such holder, or, in the case of joint holders, to the order of all such holders, failing written instructions from them to the contrary. The forwarding of such warrant or cheque, as the case may be, shall satisfy and discharge the liability for interest upon this Bond to the extent of the sum or sums represented thereby (plus the amount of any tax required to be deducted as aforesaid) unless such warrant or cheque be not paid on presentation.

This Bond is one of an issue designated Initial First Mortgage Bonds issued in Series and designated Series A to Q inclusive (herein sometimes referred to as the "Initial Bonds") secured by Deed of Trust and Mortgage bearing formal date of September 15, 1966, executed by the Company in favour of Montreal Trust Company, as Trustee (which Deed is hereinafter referred to as the "Trust Deed") and reference to which is hereby made for a description of the rights of the holders of the Bonds issued thereunder against the Company and among themselves and the terms and conditions upon and subject to which the Bonds are issued and held.

The Trust Deed contains no fixed limitation of the aggregate principal amount of the Bonds authorized to be issued thereunder and such Bonds may, subject to the provisions of the Trust Deed, be issued in one or more series, bearing such date or dates, maturing on such date or dates, bearing interest at such rate or rates, redeemable before maturity in such manner with or without payment of a premium and entitled to such sinking fund or sinking funds, if any, and subject to such rights of purchase by the Company and to such other provisions as may be deemed necessary or expedient by resolution of the Directors passed at or prior to the time of issue thereof.

Initial Bonds in the principal amount of \$20,847,430 Canadian currency and \$2,500,000 United States currency, have been authorized for immediate issue under the Trust Deed. The Initial Bonds are issuable as coupon bearer Bonds registrable as to principal only in the denominations of \$500 and \$1,000 and as Fully Registered Bonds in the denominations of \$500 and \$1,000 and authorized multiples thereof. By exception, the Bonds of Series Q are only issuable as Fully Registered Bonds in the denomination of \$10 and multiples thereof.

All Bonds at any time outstanding under the Trust Deed rank *pari passu* and are equally and rateably secured by the Trust Deed except as to sinking funds pertaining exclusively to any particular series.

The Initial Bonds are redeemable prior to maturity in whole at any time, or in part from time to time, at the option of the Company on not less than

thirty (30) days' notice at the principal amount thereof plus such premium (if any) and accrued interest (if any) with respect to each series of Initial Bonds and respectively for sinking fund purposes and for other purposes, all as is provided for, and subject to the restrictions contained in the Trust Deed.

The right is reserved to the Company to purchase Initial Bonds at any time and from time to time in the market or by tender or private contract at a price not exceeding the redemption price thereof for other than sinking fund purposes applicable at the time of purchase, plus accrued interest to the date of purchase, plus reasonable costs of purchase.

The Company has covenanted in the Trust Deed to provide for the benefit of the holders of the several series of Initial Bonds sinking funds requiring the payment by the Company to the Trustee of the respective sums in each year for the respective series of Initial Bonds as follows: (a) for the Bonds of Series A, B, C, D and E, \$110,000; (b) for the Bonds of Series F, \$15,000; (c) for the Bonds of Series G, \$6,000; (d) for the Bonds of Series H, \$10,000; (e) for the Bonds of Series I, \$20,000; (f) for the Bonds of Series J, \$12,500; (g) for the Bonds of Series K, \$20,000; (h) for the Bonds of Series L, \$10,000; (i) for the Bonds of Series M, \$25,000 U.S.; (j) for the Bonds of Series N, \$27,500; (k) for the Bonds of Series O, \$7,500; (l) for the Bonds of Series P, \$7,500; (m) for the Bonds of Series Q, \$2,500. The sinking fund payment dates for each such sinking fund, the manner of fulfilment thereof and the provisions for the application thereof are set out in the Trust Deed.

Registers will be kept by and at the office of the Trustee in the Cities of St. John's, Montreal and Toronto, Canada, and at such other place or places, and by the Trustee, as Registrar, or such other Registrar or Registrars, if any, as the Company, with the approval of the Trustee, may designate, in any one of which shall be entered the names and post office addresses of the holders of Fully Registered Bonds and particulars of the Bonds held by them respectively and in any one of which registers transfers of such Bonds shall be registered.

No transfer of this Bond nor any transmission thereof by death shall be valid unless made on one of such registers by the registered holder or by his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing, in form and as to execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or other Registrar may prescribe, and upon surrender of such Bond to the Trustee for cancellation; whereupon a new Bond or Bonds of an equal aggregate principal amount and of the same series shall be issued to the transferee

in exchange therefor. The transferee of this Bond shall, after the appropriate form of transfer is lodged with the Trustee or other Registrar and upon compliance with all other conditions in that behalf required by the Trust Deed or by law, be entitled to be entered on any one of the said registers as the owner of this Bond, free from all equities or rights of set-off or counterclaim between the Company and his transferor or any previous holder hereof, save in respect of equities as to which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

Subject to the provisions of the Trust Deed, this Bond may be exchanged for an equal aggregate principal amount of Bonds of the same series in coupon or fully registered form in any authorized denomination or denominations at any of the said offices of the Trustee. In every case of exchange, the Bond or Bonds surrendered shall be cancelled, and, except as provided in the Trust Deed, for any such exchange and for any registration of Bonds and for any transfer of Bonds the Trustee or other Registrar may make a sufficient charge to reimburse it for any stamp taxes or governmental charge required to be paid and a charge of fifty cents (50¢) for its services and, in addition, may charge a sum not exceeding one dollar (\$1.00) per Bond issued upon such exchange, registration or transfer, and payment of said charges shall be made by the party requesting such exchange, registration or transfer as a condition precedent thereto.

Any notice shall be deemed to be validly given to the holder of this Bond by sending such notice to such holder by ordinary mail prepaid addressed to such holder at his post office address appearing in any register or, in the case of joint holders, to the registered address of that one whose name stands first in the register as one of such joint holders, and every notice so sent by post shall be deemed to have been given on the day when such notice is posted.

The Trust Deed contains provisions for holding meetings of Bondholders, for notice of such meetings and for making binding upon all Bondholders, resolutions, including Extraordinary Resolutions, passed at such meetings in accordance with such provisions, and instruments in writing signed by the holders of a specified percentage of Bonds outstanding.

This Bond is subject to all the terms and conditions of the Trust Deed, to all of which the holder of this Bond by his acceptance hereof assents.

This Bond shall not become obligatory for any purpose until it shall have been certified by the Trustee for the time being of the Trust Deed.

IN WITNESS WHEREOF, NEWFOUNDLAND LIGHT & POWER CO. LIMITED has caused its corporate seal to be hereunto affixed and this Bond to be signed by the President or a Vice-President and countersigned by the Secretary or any Director of the Company and to be dated as of, 19.....

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

Per
President or Vice-President

Countersigned by:

.....
Secretary or Director

(FORM OF TRUSTEE'S CERTIFICATE)

This Bond is one of the% First Mortgage Bonds Series
issued under the Trust Deed within mentioned.

Date of Certification:

MONTREAL TRUST COMPANY
Trustee

By
Authorized Officer

(FORM OF TRANSFER TO BE ENDORSED)

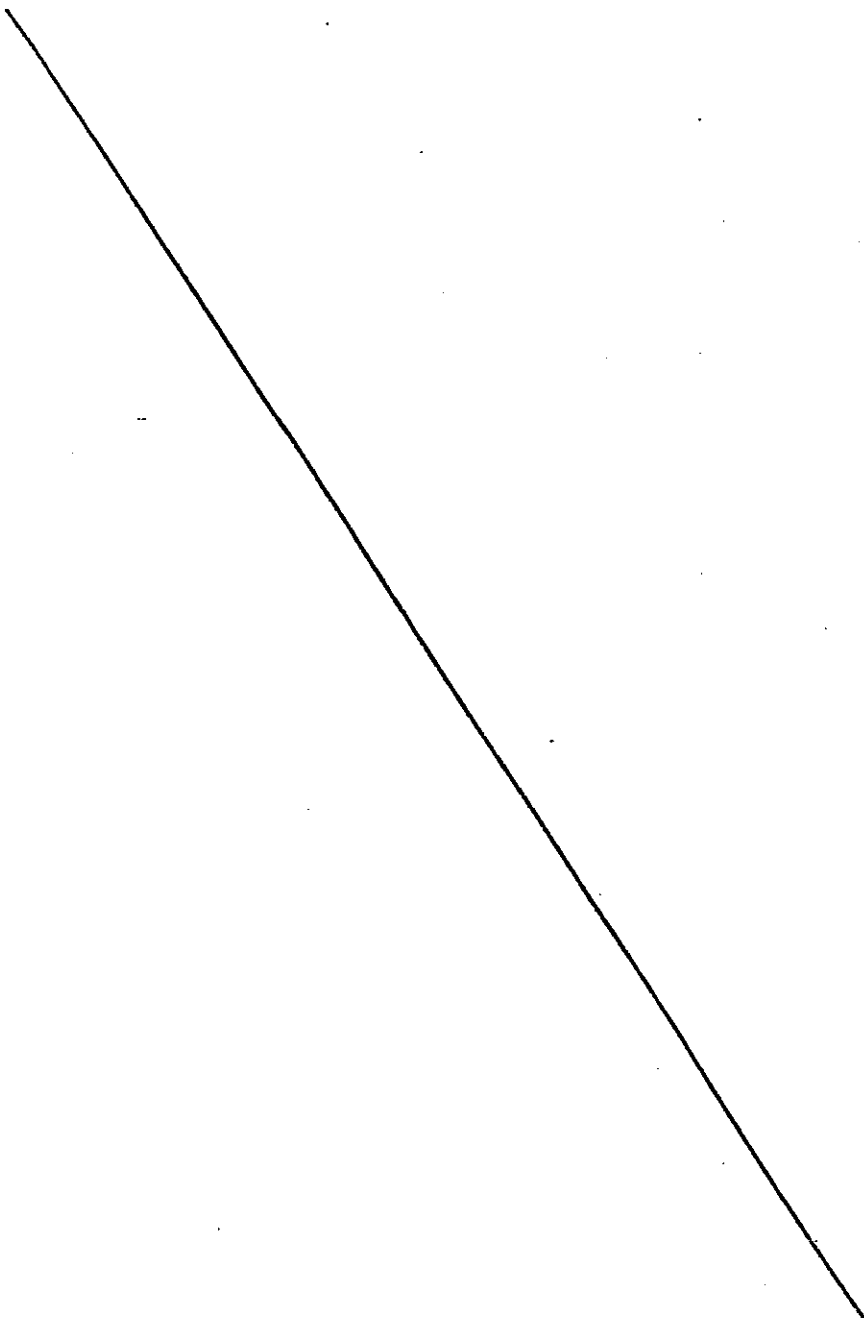
FOR VALUE RECEIVED,
hereby assigns and transfers unto the
principal of the within Bond, together with accrued interest thereon, hereby
irrevocably constituting and appointing
....., Attorney, to transfer the said
Bond on the books of the within-mentioned Company, with full power of
substitution in the premises.

Dated, 19.....

In the presence of:

.....

.....



SECOND SCHEDULE

DESCRIPTION OF PROPERTY

All right, title and interest of the Company in each of the properties or rights acquired by its Predecessor Company, Newfoundland Light and Power Company Limited, as follows:

ALL THAT piece or parcel of land located at Petty Harbour situate on the North side of Main River in Petty Harbor on which the electric power house of the Reid Newfoundland Company now stands, acquired by deed dated September 6, 1901 from J. White.

ALL THAT piece or parcel of land located at Bay Bulls Big Pond situated on the North side of the Bay Bulls Road and bounded as follows: commencing at a point where the eastern boundary of land of Alan Williams intersects the said road, running thence along said boundary North Forty-seven degrees, thirty minutes West to a point on land reserved by the Crown for a road as shown on the official plan in the Department of Agriculture and Mines, thence North Twenty-three degrees thirty minutes east along said reservation Three hundred and forty feet, thence South Fifty-seven degrees and thirty minutes east One thousand and ten feet, thence South twenty-one degrees and thirty minutes east Four hundred and forty feet, thence South thirty-eight degrees east to Bay Bulls Road aforesaid, and thence along Bay Bulls Road to the starting point, it being understood that the eastern boundary, as hereinbefore laid down is intended to be located so as to bound all land that will be flooded if the level of Big Pond were raised to the level of Goose Pond, acquired by deed dated December 28, 1917 from William Frizzelle.

ALL THAT land in General Conveyance dated February 18, 1924 from Reid Newfoundland Co. Ltd. registered in Volume 86 Folio 1 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located Water Street, St. John's, acquired by Crown Grant dated April 24, 1925 registered in Volume 96 Folio 194, Crown Lands Registry.

ALL THAT piece or parcel of land located at Bay Bulls Big Pond acquired by deed dated November 10, 1926 from Mary Frizzelle, Administratrix, registered in Volume 97 Folios 555-556 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Bay Bulls Big Pond acquired by deed dated September 25, 1929 from William Frizzelle registered in Volume 108 Folio 492 of the Registry of Deeds for Newfoundland EXCEPTING THEREFROM ALL THAT piece or parcel of land described in deed dated October 18, 1957 registered in Volume 451 Folio 65 of the Registry of Deeds for Newfoundland to Nathaniel S. Noel.

ALL THAT piece or parcel of land located at Pierre's Brook acquired by deed dated July 15, 1930 from J. William Morris registered in Volume 122 Folios 51-52 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Pierre's Brook acquired by deed dated August 23, 1930 from Thomas Cotton registered in Volume 122 Folio 70 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Broad Cove Substation acquired by deed dated October 14, 1930 from Samuel Tucker and registered in Volume 120 Folios 565-566 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Pierre's Brook acquired by deed dated August 3, 1931 from Henry Lash and registered in Volume 122 Folios 53-54 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Pierre's Brook acquired by deed dated August 28, 1931 from Thomas Cotton and registered in Volume 122 Folios 52-53 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Pierre's Brook acquired by deed dated October 7, 1931 from Michael Vickers and registered in Volume 122 Folio 63 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located north side of the Southside Road, St. John's, acquired by deed dated December 10, 1931 from the Government of Newfoundland, et al. and registered in Volume 121 Folios 144-145 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located near Second Pond, Petty Harbour, acquired by deed dated July 25, 1931 from James Finn and registered in Volume 122 Folio 68 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Petty Harbour acquired by deed dated May 7, 1934 from Alexander Lee and registered in Volume 129 Folios 163-164 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated May 1940 from Lawrence Howlett and registered in Volume 153 Folio 344 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated May 1940 from Albert Power and registered in Volume 153 Folio 340 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated May 1940 from Daniel Quirk and registered in Volume 153 Folio 341 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated June 27, 1940 from Joseph O'Driscoll and registered in Volume 153 Folios 334-335 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated June 1940 from Charles J. Ryall and registered in Volume 153 Folio 342 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated June 1940 from Beatrice Thistle and registered in Volume 153 Folio 343 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated July 19, 1940 from Michael Lundrigan and registered in Volume 153 Folios 458-459 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated July 1940 from Lena O'Keefe and registered in Volume 153 Folios 418-419 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated July 25, 1940 from Fred W. Reid and registered in Volume 153 Folio 498 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Bay Bulls Road acquired by Crown Grant dated September 3, 1940 and registered in Volume 109 Folio 4 of the Crown Lands Registry for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated September 23, 1940 from Stephen Lundrigan, Administrator, and registered in Volume 155 Folios 168-169 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated October 21, 1940 from Fred W. Reid and registered in Volume 154 Folios 588-589 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated December 3, 1940 from Michael A. Power and registered in Volume 155 Folios 169-170 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated December 5, 1940 from Daniel J. Quirk and registered in Volume 155 Folios 170-171 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated 1940 from Avalon Goodridge and registered in Volume 155 Folios 271-272 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated January 9, 1941 from John Ronayne and registered in Volume 155 Folios 371-372 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated March 13, 1941 from Avalon and William P. Goodridge and registered in Volume 155 Folios 518-519 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by deed dated April 15, 1941 from Charles Power and registered in Volume 156 Folio 342 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Bay Bulls Road acquired by deed dated March 23, 1942 from Edward Chafe and registered in Volume 161 Folio 471 of the registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Mobile acquired by deed dated May 16, 1942 from Roman Catholic Episcopal Corporation and registered in Volume 162 Folios 410-411 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Rocky Pond acquired by deed dated July 31, 1942 from W. J. Long and registered in Volume 163 Folios 388-389 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Tor's Cove acquired by Crown Grant dated July 24, 1942 and registered in Volume 109 Folio 75 Crown Lands Registry for Newfoundland.

ALL THAT piece or parcel of land located at Rocky Pond acquired by deed dated July 31, 1942 from W. J. Morris and registered in Volume 163 Folios 385-386 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Rocky Pond acquired by deed dated July 31, 1942 from George H. Parsons and registered in Volume 163 Folios 387-388 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Goulds acquired by deed dated July 1942 from Edward Chafe and registered in Volume 163 Folio 413 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at the King's Bridge Substation acquired by deed dated January 11, 1943 from Elizabeth M. Stead and registered in Volume 165 Folios 494-495 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at King's Bridge Substation acquired by deed dated May 29, 1943 and registered in Volume 169 Folios 76-78 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Rocky Pond acquired by deed dated February 1945 from William J. Long and registered in Volume 179 Folio 190 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Rocky Pond acquired by deed dated February 1945 from William P. Taylor and registered in Volume 179 Folios 190-191 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located at Broad Cove acquired by deed dated November 14, 1945 from Robert and Hubert Tucker and registered in Volume 184 Folios 109-110 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate on the north side of the Southside Road, St. John's, acquired by deed dated March 28, 1949 from the Government of Newfoundland and registered in Volume 210 Folios 17-19 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated September 23, 1949 from John Rice and registered in Volume 211 Folio 458 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated September 28, 1949 from Francis X. Dillon and registered in Volume 212 Folio 343 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated September 30, 1949 from John T. Fitzgerald and registered in Volume 212 Folios 345-346 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated September 30, 1949 from John T. Fitzgerald and registered in Volume 212 Folios 344-345 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated December 13, 1949 from Samuel J. Blackler and registered in Volume 214 Folio 130 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated December 13, 1949 from Harold J. Blackler and registered in Volume 214 Folio 129 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated January 6, 1950 from John T. Fitzgerald and registered in Volume 215 Folios 172-173 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated January 18, 1950 from Michael Dillon and registered in Volume 214 Folios 353-354 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated January 20, 1950 from the Government of Newfoundland and registered in Volume 214 Folios 469-471 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated February 5, 1950 from Francis Dillon and registered in Volume 214 Folios 412-413 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Corner Brook acquired by deed dated June 23, 1951 from Jacob Efford and registered in Volume 230 Folio 271 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at King's Bridge Substation acquired by deed dated July 6, 1951 from Elizabeth M. Stead and registered in Volume 230 Folio 336 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated July 19, 1951 from Edward Martin and registered in Volume 230 Folio 337 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated July 19, 1951 from Reverend Michael J. Kennedy and registered in Volume 230 Folio 340 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated July 20, 1951 from Mary O'Brien, et al. registered in Volume 230 Folio 339 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated July 20, 1951 from John J. O'Brien and registered in Volume 230 Folio 338 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated August 11, 1951 from Ernest O'Brien and registered in Volume 232 Folio 50 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated August 16, 1951 from Charles O'Brien and registered in Volume 232 Folio 46 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated August 16, 1951 from Charles and Michael O'Brien and registered in Volume 240 Folio 447 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated August 27, 1951 from James O'Brien and registered in Volume 232 Folios 48-49 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated August 27, 1951 from James O'Brien and registered in Volume 232 Folios 47-48 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated August 27, 1951 from William O'Brien Sr. and registered in Volume 232 Folios 46-47 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated August 27, 1951 from William O'Brien Jr. and registered in Volume 232 Folio 49 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated September 1, 1951 from Matthew O'Brien and registered in Volume 240 Folio 448 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated September 4, 1951 from Michael O'Brien and registered in Volume 233 Folios 363-364 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated November 1951 from Ronald O'Brien.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated November 22, 1951 from William Hartery and registered in Volume 233 Folios 365-366 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated November 24, 1951 from William O'Brien and registered in Volume 233 Folio 366 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle Pond acquired by Order of the Board of Commissioners of Public Utilities dated July 10, 1952 and registered in Volume 238 Folio 233 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate on West Valley Road, Corner Brook, acquired by deed dated August 2, 1951 from Bowater's Nfld. Pulp & Paper Mills Ltd. et al. and registered in Volume 239 Folio 137 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated November 28, 1951 from Garrett Hartery and registered in Volume 240 Folios 459-460 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated November 28, 1951 from Garrett Hartery and registered in Volume 240 Folio 454 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated November 30, 1951 from Joseph Kelly and registered in Volume 240 Folios 460-461 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 1, 1951 from Martin O'Brien and registered in Volume 240 Folios 455-456 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 1, 1951 from Mary Harvey and registered in Volume 240 Folio 455 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 4, 1951 from William O'Brien Sr. and registered in Volume 240 Folio 450 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 4, 1951 from Stephen O'Brien and registered in Volume 240 Folios 448-449 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 4, 1951 from Stephen O'Brien and registered in Volume 240 Folios 448-449 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 4, 1951 from Stephen O'Brien and registered in Volume 240 Folios 452-453 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 4, 1951 from Mary Hartery and registered in Volume 233 Folios 364-365 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 5, 1951 from Thomas O'Brien and registered in Volume 240 Folio 451 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 5, 1951 from Wilfred O'Brien and registered in Volume 240 Folios 453-454 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 5, 1951 from Vincent O'Brien and registered in Volume 240 Folio 459 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 7, 1951 from Mary O'Brien, et al. and registered in Volume 233 Folios 361-362 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 7, 1951 from Martin Mulcahy and registered in Volume 240 Folios 451-452 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 7, 1951 from Mary O'Brien, et al. and registered in Volume 233 Folio 368 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 8, 1951 from William O'Brien, Jr. and registered in Volume 240 Folios 461-462 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 11, 1951 from James J. O'Brien, Sr. and registered in volume 240 Folio 458 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 11, 1951 from James J. O'Brien, Sr. and registered in Volume 240 Folios 457-458 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 11, 1951 from James J. O'Brien, Sr. and registered in Volume 240 Folios 456-457 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 11, 1951 from Lawrence O'Brien, et al. and registered in Volume 240 Folio 463 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 11, 1951 from Lawrence O'Brien, et al. and registered in Volume 240 Folio 462 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 11, 1951 from James O'Brien, Jr. and registered in Volume 233 Folios 367-368 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 19, 1951 from Douglas Mulcahy, et al. and registered in Volume 242 Folio 221 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 19, 1951 from Douglas Mulcahy and registered in Volume 242 Folios 223-224 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate on the Southside Road, St. John's acquired by deed dated February 28, 1952 from Job Brothers & Co. Ltd. and registered in Volume 242 Folio 370 of the Registry of Deeds for Newfoundland. EXCEPTING THEREFROM, ALL THAT piece or parcel of land described in Notice of Expropriation from Government of Canada registered in Volume 583 Folio 386 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated December 20, 1951 from Cyril P. Diamond and registered in Volume 233 Folio 458 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated January 1952 from Daniel Condon and registered in Volume 238 Folios 1-4 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated January 16, 1952 from Alphonsus O'Brien and registered in Volume 242 Folios 222-223 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated January 24, 1952 from John J. O'Brien and registered in Volume 242 Folio 216 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated January 1952 from Cyril Hayes and registered in Volume 242 Folio 218 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated February 5, 1952 from Thomas Carew and registered in Volume 242 Folio 215 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated February 13, 1952 from Ronald and Thomas O'Brien and registered in Volume 242 Folios 221-222 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated February 16, 1952 from Basil O'Brien and registered in Volume 242 Folio 217 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated February 18, 1952 from Peter Yard and registered in Volume 242 Folios 217-218 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at the Goulds acquired by deed dated March 6, 1952 from Edward Chafe and registered in Volume 245 Folios 82-84 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated March 10, 1952 from Alphonsus O'Brien and registered in Volume 242 Folios 219-220 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated March 10, 1952 from Vincent O'Brien and registered in Volume 242 Folio 220 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated March 12, 1952 from Reverend M. J. Kennedy and registered in Volume 242 Folios 214-215 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated March 26, 1952 from John Aylward and registered in Volume 245 Folio 116 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated March 26, 1952 from Patrick Tobin and Mary O'Brien and registered in Volume 245 Folio 117 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated May 8, 1952 from Gregory Greene and registered in Volume 244 Folios 411-412 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Mobile acquired by deed dated July 18, 1952 from William Stephenson, et al. and registered in Volume 246 Folios 465-467 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate on the North side of Bay Bulls Road acquired by deed dated September 8, 1942 from Althea Ruby and registered in Volume 247 Folio 234 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated August 9, 1952 from Thomas Carew and registered in Volume 260 Folios 447-448 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Cape Broyle acquired by deed dated January 27, 1953 from Rev. M. J. Kennedy and registered in Volume 260 Folios 446-447 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Corner Brook acquired by deed dated February 1954 from Bowater's Nfld. Pulp & Paper Mills Ltd.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated June 2, 1954 from James King, et al. and registered in Volume 279 Folios 171-173 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated June 4, 1954 from William and James King, et al. and registered in Volume 279 Folios 175-176 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Goulds acquired by deed dated July 26, 1954 from Edward Chafe and registered in Volume 282 Folios 60-61 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate between Mobile and Goulds acquired by Crown Grant dated August 4, 1954 and registered in Volume 3 Folio 94, Crown Lands Registry.

ALL THAT piece or parcel of land situate at Corner Brook acquired by deed dated March 31, 1955 from Bowater's Nfld. Pulp & Paper Mills Ltd. and registered in Volume 321 Folios 283-291 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated June 24, 1955 from the Government of Newfoundland and registered in Volume 318 Folios 295-300 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Broad Cove acquired by deed dated December 22, 1955 from John Squires and registered in Volume 329 Folios 537-539 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated January 18, 1956 from Alexander and Jessie Stewart and registered in Volume 333 Folios 86-90 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Rattling Brook acquired by deed dated May 1, 1957 from Clifford A. Freeman, et al. and registered in Volume 379 Folios 17-20 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Rattling Brook acquired by deed dated May 2, 1957 from William G. Freeman and registered in Volume 379 Folios 21-23 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Molloy's Lane, St. John's, acquired by deed dated June 10, 1957 from Douglas C. Fraser and registered in Volume 381 Folios 343-346 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at King's Bridge Substation acquired by deed dated September 28, 1957 from Elizabeth M. Stead and registered in Volume 393 Folios 384-387 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Grand Falls acquired by deed dated July 8, 1958 from the A.N.D. Co. Ltd. and registered in Volume 419 Folios 233-237 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Gander acquired by deed dated October 2, 1958 from Central Mortgage & Housing Corporation more particularly described as follows: Commencing at a Bolt set in the centre line of the Trans-Canada Highway at a point in the production south-westerly of the Centre line of Caldwell Street to the said Centre line of the said Highway; thence in a course of S. 44° 50' E a distance of 332 feet to an angle in the said Centre line; thence on a course of S. 53° 05' E a distance of 690 feet to a bolt set in the said Centre line; thence on a course of N. 46° 55' E a distance of 150 feet to a post set, which is the place of beginning of the hereby conveyed parcel of land; thence on a course of N. 46° 55' E a distance of 300 feet to a post plant; thence S. 53° 05' E a distance of 200 feet to a post set; thence S. 46° 55' W a distance of 300 feet to a post planted; thence N. 53° 05' W a distance of 200 feet to the place of beginning together with the right and easement to install, erect, maintain and operate in, along, upon and under the lands hereinafter described, all necessary poles, anchors, guys and braces, and underground conductors namely: Commencing at the place of beginning of the above described parcel of land; thence on a course of S. 53° 05' E a distance of 50 feet; thence on a course of S. 46° 55' W a distance of 100 feet to a post set in the northerly limit of the said Trans-Canada Highway; thence westerly along the said northerly limit a distance of 50 feet to a post; thence on a course of N. 46° 55' E a distance of 100 feet more or less to the place of beginning. EXCEPTING THEREFROM, ALL THAT piece or parcel of land situate at Gander described in deed dated June 7, 1966 to Central Mortgage & Housing Corporation and registered in Volume 820 Folio 553 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Glenwood in the Province of Newfoundland, bounded and described as follows; that is to say:—Commencing at a point which bears North two degrees five minutes East two hundred seventeen and two tenths feet from a Concrete Hub at the Northeast corner of Frank E. Whitman's block, Glenwood, thence turning and running North seventy-

two degrees fifteen minutes West one hundred seventy-one and five tenths feet to the reservation of a local road, Glenwood, thence turning and running North eight degrees ten minutes East one hundred ten feet to the reservation of the Trans-Canada Highway, thence by the said reservation South seventy-two degrees ten minutes East one hundred ninety feet thence turning and running South seventeen degrees fifty minutes West one hundred eight and two tenths feet to the point of commencement; containing an area of one rood and thirty-two perches; bearings from True Meridian, the said lot being more fully delineated in the plan attached to the deed of conveyance, EXCEPTING AND RESERVING nevertheless out of such Conveyance all gold and silver and all coals and other mines and minerals, in or under the said piece or parcel of land so acquired by deed dated October 8, 1958 from A.N.D. Co. Ltd.

ALL THAT piece or parcel of land situate at Lewisporte acquired by deed dated October 23, 1958 from Mary A. Freake and registered in Volume 427 Folios 268-271 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Gander acquired by deed dated November 4, 1958 from Central Mortgage & Housing Corporation and registered in Volume 431 Folios 241-245 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Broad Cove acquired by deed dated March 18, 1959 from Hubert Tucker, et al. and registered in Volume 442 Folios 106-108 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated May 30, 1959 from Leonard Maddox and Norman King and registered in Volume 450 Folios 340-343 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Ridge Road, St. John's, acquired by deed dated July 31, 1959 from Augustus Lilly and registered in Volume 454 Folios 574-578 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Corner Brook acquired by Crown Grant dated August 24, 1960 and registered in Volume 121 Folio 78, Crown Lands Registry.

ALL THAT piece or parcel of land at King's Bridge Substation acquired by deed dated September 29, 1960 from James V. Ryan and registered in Volume 509 Folios 234-236 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at King's Bridge, St. John's, acquired by deed dated September 29, 1960 and registered in Volume 509 Folios 231-233 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Kenmount Road acquired by deed dated January 30, 1961 from Patrick McDonald, Sr. and registered in Volume 514 Folios 558-560 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Broad Cove acquired by deed dated May 15, 1961 from John E. Squires and registered in Volume 524 Folios 437-439 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Broad Cove acquired by deed dated May 15, 1961 from Nicholas Pendergast and registered in Volume 524 Folios 433-436 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Notre-Dame Junction acquired by deed of Grant from the Crown dated September 25, 1961 and registered in Volume 121 Folio 118, Crown Lands Registry for Newfoundland.

ALL THAT piece or parcel of land situate at Corner Brook acquired by deed dated June 27, 1962 from Bowater's Nfld. Pulp & Paper Mills Limited and registered in Volume 582 Folios 333-336 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated February 12, 1963 from William, Edward and Mary Bell and registered in Volume 610 Folios 274-279 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated January 30, 1963 from Robert McNeily and registered in Volume 610 Folios 322-325 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's and acquired by deed dated January 24, 1963 from William Halliday and registered in Volume 610 Folios 306-309 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated January 23, 1963 from Thomas Purcell and registered in Volume 610 Folios 302-305 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's and acquired by deed dated January 25, 1963 from Charlotte Marshall and registered in Volume 610 Folios 310-313 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated January 23, 1963 from Ronald G. Harris and registered in Volume 610 Folios 314-317 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated January 23, 1963 from Vincent Peddigrew and registered in Volume 610 Folios 318-321 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated February 25, 1963 from William J. McDonald and registered in Volume 611 Folios 441-445 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated March 6, 1963 from G. Rex Renouf and registered in Volume 613 Folios 9-12 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated January 26, 1963 from Hillcrest Farms Limited and registered in Volume 613 Folios 360-363 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated March 2, 1963 from Patrick Wickham and registered in Volume 613 Folios 356-359 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated March 22, 1963 from Paul and Maria Simmons and registered in Volume 615 Folios 591-594 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated March 21, 1963 from Veterans Land Act and registered in Volume 615 Folios 595-598 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated March 11, 1963 from Margaret Peddigrew and registered in Volume 615 Folios 587-590 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired under Order of the Board of Commissioners of Public Utilities dated May 25, 1963 and registered in Volume 616 Folio 520 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated June 19, 1963 from Thomas Owens Estate and registered in Volume 627 Folios 331-334 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated July 13, 1963 from Elizabeth B. Megna and registered in Volume 634 Folios 126-131 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at the corner of Wishing Well Road and Stamps Lane acquired by lease dated June 1963 from the City of St. John's and registered in Volume 643 Folio 7 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at St. John's acquired by deed dated October 17, 1963 from Leonard Maddox and registered in Volume 655 Folios 115-118 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Gander acquired by deed dated January 30, 1964 from Central Mortgage & Housing Corporation.

ALL THAT piece or parcel of land situate at Rattling Brook acquired by deed dated February 26, 1964 from Reid Newfoundland Co. Ltd. et al. and registered in Volume 669 Folios 295-309 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Baie Verte acquired by deed dated May 22, 1964 from Bowater's Nfld. Pulp & Paper Mills Limited.

ALL THAT piece or parcel of land situate at Southside Road, St. John's, acquired by deed dated October 10, 1956 from Percy P. Chaulk and registered in Volume 690 Folio 285 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Corner Brook acquired by deed dated January 18, 1965 from John Gordon Bearn and registered in Volume 727 Folios 410-413 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Corner Brook acquired by deed dated January 18, 1965 from Ralph Gough and registered in Volume 728 Folios 590-593 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at the Goulds acquired by deed dated February 15, 1965 from Edward Chafe, et al. and registered in Volume 730 Folios 388-391 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Bishop's Falls acquired by deed dated September 14, 1964 from A.N.D. Co. Ltd. and registered in Volume 731 Folios 195-198 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Bishop's Falls acquired by deed dated January 27, 1965 from A.N.D. Co. Ltd. and registered in Volume 731 Folios 189-194 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Botwood acquired by deed dated March 23, 1965 from A.N.D. Co. Ltd. and registered in Volume 738 Folios 358-361 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Springdale acquired by deed dated June 17, 1965 from Joseph A. Smith and registered in Volume 753 Folios 487-490 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Gambo acquired by deed dated November 17, 1965 from Reid Newfoundland Co. Ltd. and registered in Volume 783 Folios 136-139 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Corner Brook acquired by deed dated September 20, 1965 from Ralph McCarthy and registered in Volume 793 Folios 196-199 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Grand Falls acquired by deed dated January 3, 1966 from Price (Nfld.) Pulp & Paper Ltd. and registered in Volume 792 Folio 274 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate on Elizabeth Street, Corner Brook, acquired by deed dated 1966 from Lucy Anstey and registered in Volume 819 Folio 39 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Glovertown South acquired by deed dated June 16, 1966 from Price (Nfld.) Pulp & Paper Ltd. and registered in Volume 819 Folio 43 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Gander acquired by deed dated April 20, 1966 from Central Mortgage & Housing Corporation and registered in Volume 820 Folio 254 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land situate at Gander acquired by deed dated April 20, 1966 from Central Mortgage & Housing Corporation and registered in Volume 820 Folio 250 of the Registry of Deeds for Newfoundland.

ALL THAT piece or parcel of land located on the east side of the road to Long Bridge in St. John's acquired by Crown Grant No. 19265 and registered in Volume 97 of Crown Lands at Folio 39 of the Registry of Deeds of Newfoundland.

ALL THAT piece or parcel of land located at Corner Brook acquired by deed dated February 21, 1951 from Bay of Islands Light and Power Company, Limited registered in Volume 393, Folios 121-123 of the Registry of Deeds of Newfoundland.

ALL THOSE pieces or parcels of land situate in Central Newfoundland acquired by deed dated June 9, 1961 from Anglo Newfoundland Development Company, Limited and registered in Volume 529, Folios 70-82 of the Registry of Deeds of Newfoundland.

All right, title and interest of the Company in each of the properties or rights acquired by its Predecessor Company, United Towns Electric Company Limited, as follows:

<u>LOCATION</u>	<u>VENDOR</u>	<u>DATE OF DEED</u>	<u>REGISTRATION VOLUME FOLIO</u>	
New Chelsea	Elam Belbin	Jan. 14, 1952	240	585
New Chelsea	Ernest Belbin	Jan. 14, 1952	240	583
Bay Roberts	The Salvation Army	June 30, 1958	415	347
Colliers	James Shea, et al.	June 3, 1963	626	492
Bell Island	The Avalon Telephone Co. Ltd.	Dec. 31, 1964	724	413
Long Pond	Samuel Jefford	May 9, 1958	418	252
Torbay	Richard McNiven, et al.	July 31, 1959	454	372
Torbay	Richard McNiven, et al.	Oct. 1, 1959	464	419
Freshwater	Lawrence O'Reilly	Jan. 19, 1962	559	349
Placentia	Placentia Trading Co. Ltd.	Nov. 2, 1961	563	478
Topsail Road	Harry St. Claire	June 7, 1945	181	110
Topsail Road	Harry St. Claire	June 1946	188	226
Topsail Road	Gabriel Whiffen	June 1946	188	227
Topsail Road	R. Crosbie Lester	June 21, 1962	576	194
Topsail Road	Patrick Merner	Sept. 15, 1964	703	359
Victoria, Carbonear	Government of Newfoundland	July 26, 1904	Crown Grant No. 10343	
West Brook	Walter E. Seibert	Nov. 1944	177	510
Fall Pond	Walter E. Seibert	May 18, 1943	167	600
Fall Pond	Walter E. Seibert	May 18, 1943	167	601
Fall Pond	Walter E. Seibert	May 18, 1943	167	596
Fall Pond	Edward Turpin	May 20, 1942	162	535
Grand Bank	Elic Stoodley	Sept. 29, 1958	426	343
Grand Bank	Fred Green	June 22, 1963	643	199

LOCATION	VENDOR	DATE OF DEED	REGISTRATION	
			VOLUME	FOLIO
143 Salt Pond	Margaret Kinsella	Oct. 30, 1959	468	185
Salt Pond	Vincent Green, et al.	April 19, 1963	618	396
Salt Pond	Joseph Green, et al.	April 20, 1963	618	399
Salt Pond	Vincent Green	Dec. 23, 1963	662	412
Salt Pond	Government of Newfoundland	April 1, 1964	673	209
Mundy Pond	Archibald Bastow	March 1931	118	256
Mundy Pond	Archibald Bastow	May 18, 1956	342	106
Topsail	Mary Geehan, et al.	July 1, 1931	119	457
Topsail	John St. John	August 1931	119	485
Topsail	Richard Hancock	August 1931	120	31
Topsail	Alban Duff	Nov. 16, 1931	120	359
Topsail	Terrence O'Brien	Dec. 1931	120	612
Topsail	Mary Roche	March 23, 1932	122	237
Topsail	Marcy Farrell, et al.	July 1, 1931	124	207
Topsail	Government of Newfoundland	Dec. 30, 1933	Crown Grant No. 192	
Heart's Content	Ernest George	Oct. 12, 1946	446	240
Heart's Content	Augustus George	Oct. 19, 1955	299	324
Heart's Content	Eldred George	April 5, 1960	483	494
Heart's Content	Public Service Elec. Co. Ltd.	May 16, 1961	523	322
Heart's Content	Reuben George	July 4, 1945	181	324
Lawn	Mary Walsh	Aug. 18, 1930	145	376
Lawn	Edward Edwards	Sept. 11, 1930	145	377
St. John's	Colonial Cordage Co. Ltd.	Feb. 18, 1966	795	433
Red Cliff	Government of Canada	April 4, 1966	805	198
Donovan's Overpass	Government of Newfoundland	Nov. 5, 1964	Crown Lease No. 15703	

REGISTRATION VOLUME FOLIO	DATE OF DEED	VENDOR	LOCATION
Crown Lease No. 15561 Crown Lease No. 8562 Final Water Power Lease	Aug. 8, 1966 Oct. 29, 1956 May 10, 1961 Jan. 1965	Government of Newfoundland Government of Newfoundland Government of Newfoundland Avalon Realty Co. Ltd.	Torbuy — Mans Pond Dunville Munnels River & Topsail Pond Donovans Bay Roberts Marystown Seal Cove, C.B. Seal Cove, C.B. Seal Cove, C.B. Seal Cove, C.B. McNiven's Road McNiven's Road Harbour Grace Bay Roberts Hearts Content New Chelsea Brook and Ocean Pond
118 730 698 659 114 430 116 430 118 430 120 372 419 1 568 230 252 Water Power & Unreg. Lease Water Right Leases	Jan. 1965 Aug. 13, 1964 Nov. 21, 1963 Oct. 17, 1958 Nov. 7, 1958 Nov. 7, 1958 July 31, 1959 Oct. 1, 1959 Nov. 16, 1959 May 21, 1951 Nov. 4, 1952 Oct. 26, 1959 April 29, 1957 Oct. 17, 1950 July 17, 1950 Jan. 21, 1952 May 9, 1955 Aug. 6, 1965	Helen Fitzpatrick, Admx. Richard Eddy, et al. William W. Elliott Robert J. Murphy, Admr Robert J. Murphy, Admr James D. Cameron Reuben McNiven, et al. Reuben McNiven, et al. Ethel L. Parsons Town Council, Harbour Grace Augustine Dawson Public Service Elec. Co. Ltd. Government of Newfoundland Town Council, Harbour Grace Matthew Fowler	Harbour Grace Hearts Content Carbonear Harbour Grace Port de Grave

<u>LOCATION</u>	<u>VENDOR</u>	<u>DATE OF DEED</u>	<u>REGISTRATION VOLUME FOLIO</u>	
Grand Bank	Harry Grandy	Sept. 12, 1960	445	491
Bell Island	Wabana Light & Power Co. Ltd.		500	272

All right, title and interest of the Company in each of the properties or rights acquired by its Predecessor Company, The Union Electric Light and Power Company Limited, as follows:

Bonavista	Susan G. Carroll	Oct. 8, 1920	72	27
Bonavista	Peter Hiscock	Feb. 4, 1931	117	222
Clarenville	Clarenville Light & Power Co. Ltd.	April 1, 1953	251	211

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All right, title and interest of the Company in each of the properties or rights acquired by its Predecessor Company, West Coast Power Corporation Limited, as follows:

St. George's	Leo Gaultois	Nov. 2, 1944		
St. George's	Howard J. Sampson	Oct. 1, 1953	655	507
Aguathuna	Dominion Limestone Ltd.	Sept. 18, 1963	746	253
Stephenville	Isaac Alexander	Dec. 2, 1959	471	387
	Peter McCann	July 21, 1961		
St. George's	John Grandy	Feb. 28, 1956	483	543
Port-aux-Basques	Gladys Hann	April 19, 1945	185	168
Stephenville	Stephen White	June 21, 1958	415	88
St. George's	Mary O'Reilly	Nov. 2, 1944		
Barachoix Brook	Mrs. I. M. Carter	Nov. 19, 1956		
Cross Pond and Lookout Brook	Government of Newfoundland	Oct. 11, 1952	Interim License Water Power	

All right, title and interest of the Company in each of the properties or rights acquired by its Predecessor Company, The Public Service Electric Company, Limited, as follows:

ALL THAT piece or parcel of land commencing where the South line of the reservation of the Heart's Content Branch of the Newfoundland Railway intersects the centre line of the retaining wall at the outlet of Southern Cove Pond; thence by said line of retaining wall South seventy-three degrees and thirty minutes East one hundred and forty feet to North line of reservation of Western Union Water supply line to Heart's Content, thence by said reservation North forty-five degrees East, twenty-seven feet thence North seventy-three degrees and thirty minutes West one hundred and ten feet to the aforementioned South line of the Railway reservation, and thence by said Railway reservation South seventy-eight degrees and fifty-five minutes West forty-nine feet to point of commencement. Containing an area of eleven perches more or less. Bearings from Magnetic Meridian 1932.

ALL THAT piece and parcel of land described as follows; that is to say, by a line commencing at a point where the South line of the reservation of the Western Union Water supply line to Heart's Content intersects the centre line of the retaining wall at the outlet of Southern Cove Pond which point is located on the centre line of retaining wall, bearing South seventy-three degrees and thirty minutes East and distant one hundred and ninety-seven feet from the intersection point of the centre line of this retaining wall with the South line of the reservation of the Heart's Content Branch Railway thence by South line of Western Union Water Supply Line North forty-five degrees East, twenty-seven feet thence South, seventy-three degrees and thirty minutes East, one hundred and eighteen feet thence North, sixty-four degrees and fifty minutes East, four hundred and ninety-five feet thence North, thirty-six degrees and fifty minutes East, fifty-five feet to the South Line of the reservation of the Western Union Water Supply Line to Heart's Content, thence by said South Line of this reservation North sixty-three degrees and twenty minutes East, eighty feet thence South, thirty-six degrees and fifty minutes West, two hundred feet thence South, sixty-three degrees and fifty minutes West, four hundred and thirty-seven feet thence South, forty-six degrees West, two hundred and fifty-three feet thence North, forty-four degrees West, ten feet thence North forty-six degrees East, two hundred and fifty-four feet thence North, sixty-three degrees and fifty minutes East, four hundred and twenty feet thence North, twenty-six degrees and ten

minutes West, thirty feet to retaining wall and thence by retaining wall South, sixty-four degrees and fifty minutes West, four hundred and thirty-five feet thence again by retaining wall North, seventy-three degrees and thirty minutes West, one hundred and forty-one feet to the point of commencement. Containing an area of two roods and twenty-three perches more or less. Bearings from Magnetic Meridian 1932.

ALL THAT piece and parcel of land situate and being between the North boundary of the reservation of the Heart's Content Branch of the Newfoundland Railway and the public road leading from Heart's Content to Heart's Desire, abutted and bounded as follows, that is to say: By a line commencing at a point which is the intersection of the centre line of The Public Service Electric Company's penstock with the North boundary line of the Heart's Content Branch Railway reservation running thence North seventy-two degrees and fifteen minutes East by said North boundary of Railway reservation forty-three feet more or less to a point distant twenty-five feet measured at right angles from the centre line of the said penstock thence North Easterly parallel to the said centre line five hundred and thirty feet more or less to the West side of the Public Road thence Northerly by the West side of said Road fifty-two feet more or less to a point twenty-five feet measured at right angles from the centre line of said penstock thence South Westerly and parallel to the centre line of the said penstock six hundred feet more or less, to the North boundary of aforementioned Railway reservation and thence North seventy-two degrees and fifteen minutes East by said Railway reservation forty-three feet to the point of commencement and containing an area of two roods and twenty-two perches. Bearing from Magnetic Meridian 1932. Containing in all three lots a total area of One Acre, One Rood and Sixteen Perches.

ALL THAT piece or parcel of land comprised in a conveyance thereof by Deed Poll dated the fourteenth day of June A.D. 1918 from Theodore George of Heart's Content, Administrator of the Estate of Philip George, and therein described as follows, that is to say: ALL THAT piece and parcel of land situate at Southern Cove, Heart's Content consisting of and being a strip fourteen feet wide in every part thereof running through that piece or parcel of land conveyed to the said deceased Philip George by Grant from the Crown bearing date of Nineteen June Nineteen and Six and numbered 11053 in an Easterly and Westerly direction and as now marked off by the surveyors of the said Public Service Electric Company, Limited as their pipe or flume line and containing about thirty-six perches.

IN WITNESS WHEREOF Newfoundland Light & Power Co. Limited and Montreal Trust Company have respectively caused their Common Seals to be hereunto affixed and these presents to be executed in their names and their behalf respectively.

The Common Seal of NEWFOUNDLAND LIGHT & POWER CO. LIMITED was hereunto affixed this 22nd day of September, one thousand nine hundred and sixty-six in the presence of:

NEWFOUNDLAND LIGHT & POWER CO.
LIMITED

(Sgd.) D. Stairs
President

(SEAL)

(Sgd.) F. C. Palmer
Assistant-Secretary

(Sgd.) John B. Claxton
Witness

The Common Seal of MONTREAL TRUST COMPANY was hereunto affixed this 22nd day of September, one thousand nine hundred and sixty-six in the presence of:

MONTREAL TRUST COMPANY

(Sgd.) C. W. Fraser
C. W. Fraser, Supervisor,
Corporate Trusts and Bond Dept.

(SEAL)

(Sgd.) H. W. Roffey
H. W. Roffey, Manager,
Corporate Trusts Division

(Sgd.) John B. Claxton
Witness

CANADA
PROVINCE OF QUEBEC

I, John B. Claxton of Montreal aforesaid make oath and say that I was personally present and did see the execution of the foregoing deed by NEW-FOUNDLAND LIGHT & POWER CO. LIMITED by the affixing thereto of its Common Seal in the presence of Denis Stairs, its President, and F. C. Palmer, its Assistant-Secretary, and that I am the subscribing witness to such execution.

AND I HAVE SIGNED

(Sgd.) John B. Claxton

SWORN to before me at the
City of Montreal this 22nd
day of September, 1966.

(Sgd.) T. D. Laberge, Notary

(SEAL)

A Notary Public in and
for the Province of Quebec.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

I, John B. Claxton of Montreal aforesaid make oath and say that I was personally present and did see the execution of the foregoing deed by MONTREAL TRUST COMPANY by the affixing thereto of its Common Seal in the presence of C. William Fraser and Henry W. Roffey, and that I am the subscribing witness to such execution.

AND I HAVE SIGNED

(Sgd.) John B. Claxton

SWORN to before me at the
City of Montreal this 22nd
day of September, 1966.

(SEAL)

(Sgd.) T. D. Laberge, Notary

A Notary Public in and
for the Province of Quebec.

I hereby certify that the within deed was deposited for registration this 23rd day of September A.D., 1966 at 3 p.m., and was duly registered in Volume 831 of the Registry of Deeds for Newfoundland and its Dependencies, Folios 1 to 160.

(Sgd.) I. A. Richards
Registrar of Deeds.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED
EXTRACT FROM ARTICLES OF ASSOCIATION

BORROWING POWERS

The Directors may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money or any bonds, debentures, debenture stock, perpetual or redeemable for the purposes of the Company and may raise or secure the payment or repayment of such moneys or such bonds, debentures, or debenture stock in such manner and upon such terms and conditions in all respects as they think fit, and in particular by mortgage charge or lien upon the whole or any part of the Company's property, assets, franchises and rights (whether present or future) including its uncalled capital, and the Directors may secure and guarantee by similar mortgage charge or lien the performance by the Company of any obligations or liabilities it may undertake.

Debentures, bonds and other securities for securing the payment of money issued by the Company may be made assignable free from any equities between the Company and the persons to whom the same may be issued, and may be issued at a discount, premium, or otherwise, and with any special privileges as to redemption, surrender, drawings, options to subscribe for or call for the allotment of shares, appointment of Directors, Trustees, and otherwise.

The undersigned Secretary of Newfoundland Light & Power Co. Limited hereby certifies that the foregoing is a true and correct extract from the Articles of Association of the said Company as duly enacted and filed and of record with the Registrar of Companies of the Province of Newfoundland.

September 22, 1966.

(Sgd.) F. C. Palmer
Assistant-Secretary

(SEAL)

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

RESOLUTION

WHEREAS it is expedient and in the interests of this Company that the Directors should exercise in some degree the authority conferred upon them by the Articles of Association of this Company authorizing the borrowing of money and the issue of *inter alia* bonds, by this Company:

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED THAT:

1. The creation and issue of First Mortgage Bonds (herein referred to as the "Bonds") of this Company, without limitation as to the aggregate principal amount to be at any one time outstanding, be and the same are hereby authorized to be issued from time to time in one or more series, the whole on the terms and subject to the conditions set forth or provided in the Deed of Trust and Mortgage (herein referred to as the "Trust Deed") hereinafter referred to;

2. The Bonds shall be secured, subject to permitted encumbrances and minor title defects (as defined in the Trust Deed) by way of a fixed and specific charge on all real properties of this Company, both present and future, and by a floating charge on all other assets of this Company both present and future, the whole upon the terms and conditions and subject to the provisions to be contained in the Trust Deed.

3. Subject to the provisions of the Trust Deed, the Bonds of each series of Bonds may consist of different denominations and, with the exception of the Initial Bonds authorized for immediate issue and concerning which special provisions are hereinafter and in the Trust Deed contained, may consist in whole or in part of coupon Bonds registrable or not as to principal only and in whole or in part of fully registered Bonds, may contain such variations of tenor and effect as are incidental to such differences of denomination or form, shall, in the discretion of the Directors of this Company, bear such date or dates and

mature on such date or dates, bear interest at such rate or rates, be payable in such currency or currencies and at such rate of exchange, if any, as the Directors may in respect of any series determine and as shall be expressed in the Bonds of such series and, subject to the provisions of the Trust Deed, may be made redeemable before maturity in such manner with or without payment of premium, be entitled to the benefit of such sinking fund or funds, if any, and contain or be subject to such provisions, if any, for the exchange of Bonds of different forms and denominations, numbering, designations, place or places and media of payment, deduction or reimbursement of or exoneration from taxes or duties on principal, premium or interest and such other provisions as may be deemed necessary or expedient and as may be determined by resolution of the Board of Directors of this Company adopted at or prior to the time of issue thereof;

4. Subject to the provisions of the Trust Deed, the Bonds may be issued for such consideration and at such prices and upon such terms and conditions, not inconsistent with the terms and conditions of the Trust Deed, as shall be determined by the Board of Directors of this Company and at such times and in such amounts as the purpose for which they are issued may require;

5. Montreal Trust Company (herein referred to as the "Trustee") be and it is hereby appointed Trustee for the Bondholders under the Trust Deed and be further appointed registrar and transfer agent for the Bonds at the offices of the Trustee in the Cities of St. John's, Halifax, Montreal and Toronto.

6. Bonds up to an aggregate principal amount of \$20,847,430 Can. and \$2,500,000 U.S. (herein sometimes referred to as the "Initial Bonds") be and they are hereby authorized for immediate issue which shall consist of several series of Bonds, each of which series shall respectively have the characteristics set forth opposite the series designation letter provided below and more particularly, but without limitation, shall respectively have the series designation letter, be in the aggregate principal amount (with a notation of special currency of payment, if any), be entitled to interest at the rate per annum, together with interest on all overdue interest at the same rate, computed half-yearly from its

due date until actual payment and both before and after maturity and before and after default, and shall respectively become payable upon the maturity date, all as set forth in the following table:

SERIES DESIGN- ATION LETTER	AGGREGATE PRINCIPAL AMOUNT	INTEREST RATE	MATURITY DATE	SERIES DESIGN- ATION
A	\$1,500,000	3½%	October 1, 1970	Series A
B	\$2,371,500	5%	December 1, 1972	Series B
C	\$1,370,000	4%	December 1, 1975	Series C
D	\$2,407,000	5½%	December 1, 1978	Series D
E	\$3,000,000	5¾%	June 1, 1984	Series E
F	\$1,229,500	3¾%	July 1, 1967	Series F
G	\$ 522,000	5½%	August 1, 1972	Series G
H	\$ 910,000	4¾%	May 1, 1981	Series H
I	\$1,840,000	5¾%	May 15, 1982	Series I
J	\$1,175,000	5¾%	November 1, 1983	Series J
K	\$1,900,000	7%	May 1, 1985	Series K
L	\$ 960,000	6½%	May 1, 1986	Series L
M	\$2,500,000 (U.S.)	5¾%	June 1, 1990	Series M
N	\$ 905,000	4¼%	November 15, 1974	Series N
O	\$ 270,000	5½%	August 1, 1977	Series O
P	\$ 300,000	6¼%	June 1, 1981	Series P
Q	\$ 187,430	5%	July 1, 1972	Series Q

7. The Company be and it is hereby authorized to request the Government of Newfoundland to guarantee the Bonds of Series N, O and P as more fully set forth in a draft Guarantee Agreement between the Company, the Trustee and the Government of Newfoundland produced to this meeting.

8. The said several series of Initial Bonds shall respectively be entitled to interest accruing from (but not including) the interest accrual date, which accrued interest shall be paid on the interest payment date next following such

interest accrual date, and shall be entitled to half-yearly interest payments on the interest payment dates of each year hereafter, all as set forth in the following table:

SERIES DESIGN- ATION LETTER	INTEREST ACCRUAL DATE		INTEREST PAYMENT DATES
A	April	1, 1966	1st April and 1st October
B	June	1, 1966	1st June and 1st December
C	June	1, 1966	1st June and 1st December
D	June	1, 1966	1st June and 1st December
E	June	1, 1966	1st June and 1st December
F	July	1, 1966	1st January and 1st July
G	August	1, 1966	1st February and 1st August
H	May	1, 1966	1st May and 1st November
I	May	15, 1966	15th May and 15th November
J	May	1, 1966	1st May and 1st November
K	May	1, 1966	1st May and 1st November
L	May	1, 1966	1st May and 1st November
M	June	1, 1966	1st June and 1st December
N	May	15, 1966	15th May and 15th November
O	August	1, 1966	1st February and 1st August
P	June	1, 1966	1st June and 1st December
Q	July	1, 1966	1st January and 1st July

9. The Initial Bonds of Series A, B, C, D and E shall be entitled to the benefit of a general sinking fund whereby the Company shall covenant and agree to pay to the Trustee on the first day of October in each year commencing October 1, 1966 the sum of one hundred and ten thousand dollars (\$110,000); provided that not more than twenty-five thousand dollars (\$25,000) principal amount of the Bonds of Series B and not more than twenty-five thousand dollars (\$25,000) principal amount of the Bonds of Series D shall be redeemed for

sinking fund purposes in any one year and the requirements of such sinking fund shall be fulfilled by the Company and the Trustee, as the case may be in the manner set forth in the Trust Deed.

10. Each of the several series of Initial Bonds, other than the Initial Bonds referred to in the preceding paragraph shall be entitled to the benefit of separate sinking funds whereby the Company shall covenant and agree to pay to the Trustee the respective sums on the respective dates in each year, for the respective series of Bonds, all as set forth in the following table:

SERIES DESIGN- ATION LETTER	SINKING FUND AMOUNT	ANNUAL SINKING FUND PAYMENT DATE
F	\$15,000	1st July
G	\$ 6,000	1st August
H	\$10,000	1st May
I	\$20,000	15th May
J	\$12,500	1st November
K	\$20,000	1st May
L	\$10,000	1st May
M	\$25,000 (U.S.)	1st June commencing June 1, 1967
N	\$27,500	15th November
O	\$ 7,500	1st August
P	\$ 7,500	1st June
Q	\$ 2,500	1st July

and the requirements of such sinking fund shall be fulfilled by the Company and the Trustee, as the case may be, in the manner set forth in the Trust Deed.

11. The several series of Initial Bonds shall be redeemable for other than sinking fund purposes either in whole or in part, at the option of the Company, at any time and from time to time prior to the respective maturities of such series of Initial Bonds at the principal amount of such Bonds plus accrued and unpaid interest to the date fixed for the redemption thereof, all as provided in

the Trust Deed hereof, plus the initial redemption premium (if any), prior to such date, such premium (if any) thereafter decreasing at such percentage of the principal amount of such Initial Bonds for each twelve month period or portion thereof elapsed, all as set forth in the following table:

SERIES DESIGN- ATION LETTER	INITIAL REDEMPTION PREMIUM	PRIOR TO		PREMIUM THEREAFTER
A	0.50%	October	1, 1970	none
B	2.333%	December	1, 1966	decreasing 0.333% per year.
C	1.00%	December	1, 1970	0.5% prior to December 1, 1975 and thereafter without premium
D	3.25%	December	1, 1966	decreasing 0.25% per year.
E	5.15%	June	1, 1967	decreasing 0.30% per year.
F	none	—	—	—
G	1.25%	August	1, 1967	decreasing 0.25% per year.
H	2.80%	May	1, 1967	decreasing 0.20% per year.
I	3.75%	May	15, 1967	decreasing 0.25% per year.
J	5.15%	November	1, 1966	decreasing 0.30% per year.
K	5.20%	May	1, 1967	decreasing 0.30% per year.
L	2.75%	May	1, 1967	decreasing 0.15% per year.
M	5.375%	June	1, 1967	decreasing 0.25% per year.
N	none	—	—	—
O	none	—	—	—
P	3.75%	June	1, 1967	decreasing 0.30% per year.
Q	none	—	—	—

the whole subject to the restrictive covenants set forth in the Trust Deed.

12. Initial Bonds shall be redeemable for sinking fund purposes in the case of Bonds of Series A, C, F, G, H, I, L, M and P at the respective redemption prices then current pursuant to the preceding paragraph and in the case of Bonds of Series B, D, E, J, K, N, O and Q at the principal amount thereof together with accrued interest thereon to the date fixed for redemption.

13. The draft of the Trust Deed of Trust and Mortgage between this Company and Montreal Trust Company, as Trustee, providing for the issue of the Bonds and creating security therefor of the nature hereinbefore indicated and containing a statement of the terms and conditions upon which the Bonds are to be issued and secured and also containing provisions with respect to the issue of additional bonds and restrictions thereon and with respect to defaults, remedies in case of default, partial and final release, meetings of Bondholders, restrictive covenants and other provisions, which draft has been submitted to and examined by this meeting, be and the same is hereby approved, and deeds in or substantially in the same form and terms as said draft, with such amendments as may be deemed expedient and all other deeds supplemental thereto or necessary to give effect thereto, be executed for and in the name and on behalf of this Company by any two officers or directors or any officer acting with any director of this Company, and the Company's seal be affixed thereto; and the approval by the officers or directors executing the same of any amendment or variation in the said draft shall be conclusively proved by their signing the said Trust Deed;

14. The President, the Vice-President, the Secretary, any Assistant-Secretary and each director of this Company be and they are hereby authorized and empowered to sign or countersign, as the case may be, in accordance with the provisions of the Trust Deed all Bonds to be issued pursuant to the foregoing and to affix the corporate seal of this Company thereto and to deliver the same to the Trustee for certification and the signature or signatures of all or any of such persons may be engraved, lithographed, printed or otherwise mechanically reproduced on the Bonds; the Treasurer or an Assistant-Treasurer of this Company is hereby authorized to sign in accordance with the provisions of the Trust Deed all coupons annexed to the Bonds and the signature of such Treasurer or Assistant-Treasurer may be engraved, lithographed, printed or otherwise mechanically reproduced on such coupons.

15. Each one of the officers and directors of this Company be and they are hereby authorized and empowered, for and on behalf and in the name of this Company, to sign in accordance with the provisions of the Trust Deed and these presents any and all requests to the Trustee for the certification of the Bonds and for the delivery thereof in accordance with the directions of the officers signing any such request.

16. Pending the preparation of definitive Initial Bonds, interim or temporary printed or typewritten Bonds, with or without coupons, in such form and in such denominations, and with such appropriate omissions, insertions or variations as the Trustee and any officer of this Company may approve, may be executed

in lieu of definitive Initial Bonds in the manner hereinbefore provided in the immediately preceding paragraph and each one of the officers and directors of this Company be and he is hereby authorized and instructed to settle with the Trustee the form of such interim or temporary Bonds.

17. Each series of the Initial Bonds shall be issued in exchange for the corresponding series of first mortgage bonds and other senior securities of each of the Predecessor Companies (as defined in the draft Trust Deed) having financial characteristics and attributes identical to such Initial Bonds, and shall be executed and delivered to the Trustee for certification and such exchange upon such terms and conditions as the proper officers of the Company hereinafter named shall determine, but shall be so issued in exchange without the Company receiving other consideration therefor; and all bonds of the corresponding series of first mortgage bonds and other senior securities of such Predecessor Companies so exchanged shall be cancelled.

18. Any two officers or directors or any officer acting with any director of the Company be and they are hereby authorized and directed, for and on behalf and in the name of this Company, to sign, execute and deliver all such other deeds, agreements, documents, instruments and writings and perform and do all such other acts and things as they, in their discretion, may consider to be necessary or useful for the purpose of carrying out and giving full effect to the foregoing provisions of this resolution and to the Trust Deed and causing registration or filing thereof as required by law and giving effect to the issue of the Bonds in accordance with the terms thereof and hereof, such direction and authorization to be in addition to the authority conferred by this resolution or said Trust Deed to any officer specifically authorized by this resolution or said Trust Deed to execute the Trust Deed or any other deeds, documents, instruments or writings the execution of which is provided for herein or therein, as the case may be.

The undersigned Secretary of NEWFOUNDLAND LIGHT & POWER CO. LIMITED hereby certifies that the foregoing is a true and correct copy of a resolution adopted at a meeting of the Board of Directors of said Company duly held on the 14th day of September, 1966.

September 22, 1966.

(SEAL)

(Sgd.) F. C. Palmer
Assistant-Secretary

COLLATERAL AND GUARANTEE AGREEMENT

between

**The Government of the Province
of Newfoundland**

and

**Newfoundland Light & Power
Co. Limited**

and

Montreal Trust Company

and accepted by

Eastern & Chartered Trust Company

Dated September 15, 1966

COLLATERAL AND GUARANTEE AGREEMENT

THIS AGREEMENT made as of the 15th day of September, One thousand nine hundred and sixty-six.

BETWEEN:

HER MAJESTY THE QUEEN in right of the Province of Newfoundland, Canada, herein acting and represented by Her Majesty's Attorney General for Newfoundland,

OF THE FIRST PART,

AND

NEWFOUNDLAND LIGHT & POWER CO. LIMITED, a body corporate, organized and existing under The Companies Act of the Province of Newfoundland, and having its registered office and principal place of business in the City of St. John's in the said Province,

OF THE SECOND PART,

AND

MONTREAL TRUST COMPANY, a body corporate, organized and existing under the laws of the Province of Quebec, and having its head office at Montreal in the said Province and having an office at St. John's aforesaid and being duly authorized to carry on business in the Province of Newfoundland,

OF THE THIRD PART.

WHEREAS:

(1) The Party of the Second Part, being the Company (as defined in the Trust Deed) is duly incorporated under The Companies Act, Chapter 168 of The Revised Statutes of Newfoundland, 1952, pursuant to the sanction by the

Supreme Court of Newfoundland of an amalgamation agreement between the Predecessor Companies (as defined in the Trust Deed); and

(2) The Company is the legal successor of the rights, titles and obligations of the Predecessor Companies, one of which Predecessor Companies was Union Electric (as hereinafter defined); and

(3) Pursuant to the said amalgamation agreement, the first mortgage bonds or other senior securities of the Predecessor Companies are to be exchanged for First Mortgage Bonds of the Company having like characteristics and attributes; and

(4) To that end the Company has created its Bonds of Series N, O and P (as hereinafter defined) to be exchanged for the respective corresponding series of Debentures (as hereinafter defined) of Union Electric; and

(5) Due payment of the principal amount, interest and premium (if any) of the said Debentures of Union Electric was guaranteed by the Guarantor, Party of the First Part; and

(6) To give the Bonds of Series N, O and P characteristics and attributes like those of the Debentures, it is desirable that they be similarly guaranteed; and

(7) The Company desires to reconcile the charges on certain properties of the Company and securing the Debentures with the charges securing the Bonds of Series N, O and P of the Company and securing any other First Mortgage Bonds of the Company to be issued; and

(8) The exchange of the Bonds of Series N, O and P for the Debentures and this Agreement have been approved and sanctioned by the Supreme Court of Newfoundland.

NOW THEREFORE THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

ARTICLE 1

INTERPRETATION

1.1. **Terms Defined in Trust Deed.** The words and phrases used in this Deed shall, unless there be something in the context or in these presents inconsistent therewith, have the meanings given to such words and phrases as they are defined in Section 1.1. of the Trust Deed.

1.2. **Additional Terms Defined.** The additional words and phrases used in this Deed which follow shall, unless there be something in the context inconsistent therewith, have the following meanings:

"Debentures" means the \$905,000 4¼ % Sinking Fund Debentures due 1974, the \$270,000 5½ % Sinking Fund Debentures due 1977 and the \$300,000 6¼ % Sinking Fund Debentures due 1981 of Union Electric and issued and outstanding under the Indentures of Trust.

"Depository" means Eastern & Chartered Trust Company as trustee under the Indentures of Trust, and shall include any successor to such trustee.

"Guaranteed Bonds" means collectively the \$905,000 4¼ % First Mortgage Bonds Series N, the \$270,000 5½ % First Mortgage Bonds Series O and the \$300,000 6¼ % First Mortgage Bonds Series P of the Company and more fully described in the Trust Deed, and "Bonds of Series N", "Bonds of Series O" and "Bonds of Series P" mean respectively the First Mortgage Bonds of the Company of each such series.

"Guarantor" means Her Majesty the Queen in right of Her Province of Newfoundland.

"Indentures of Trust" means the Indentures of Trust and Mortgage between Union Electric and the Depository and dated October 29, 1954, July 25, 1957 and June 1, 1961 and authorizing, creating and securing the Debentures.

"Trust Deed" means the Indenture or Deed of Trust and Mortgage between the Company and the Trustee dated the date of these presents and providing for the issue of First Mortgage Bonds of the Company.

"Union Electric" means The Union Electric Light and Power Company Limited, one of the Predecessor Companies.

1.3. **Singular — Plural, Persons — Firms.** Words importing the singular number only shall include the plural and *vice versa* and words importing persons shall include firms, associations and corporations and *vice versa*.

1.4. **Division into Articles, Paragraphs — Headings.** The division of this Agreement into articles and paragraphs and the insertion of headings are for convenience of reference only and shall not affect its construction or interpretation.

1.5. **Counterparts and Forms.** This agreement may be executed in any number of counterparts, and in one or more forms on one or more dates, and

each counterpart shall constitute an original, but all such counterparts and forms shall together constitute but one and the same instrument.

1.6. Invalid Sections Severable. In case any one or more of the provisions contained in this Agreement or in the Guaranteed Bonds should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

ARTICLE 2 GUARANTEE

2.1. Guarantee. The Guarantor hereby absolutely and unconditionally guarantees to the Trustee, as trustee for the holders of the Guaranteed Bonds and the coupons, if any, appertaining thereto, and to and in favour of each and every holder of the Guaranteed Bonds and any such coupons the due and punctual payment by the Company of all the principal, premium, if any, and interest of and on each and every one of the Guaranteed Bonds and coupons, if any, appertaining thereto, as and when the same respectively become payable whether at maturity, by call for redemption, by acceleration, by declaration or otherwise, according to the terms of the Trust Deed and of the Guaranteed Bonds.

2.2. Evidence of Guarantee. In order to evidence this guarantee, the Guarantor agrees upon demand of the Company to cause each form of Guaranteed Bond to be duly endorsed by the proper servants of the Guarantor to the following effect: "Payment of principal, interest and premium (if any) of this Bond is unconditionally guaranteed by the Government of Newfoundland." The signature of any such servant of the Guarantor may be affixed to such Bonds as provided in Section 2.5. of the Trust Deed.

2.3. Guarantee Exigible. Immediately upon the Trustee being informed that the Company has defaulted in the payment of any principal, premium or interest on the Guaranteed Bonds when due, either at maturity, by call for redemption, by acceleration, by declaration or otherwise, the Trustee shall give notice to the Guarantor of such default and the guarantee hereby given shall become enforceable and the principal, premium, if any, and interest in respect of which such default has occurred shall become due and payable by the Guarantor, and the Guarantor hereby agrees to pay the same, 90 days after the giving of such notice as set forth herein.

2.4. Guarantee Not Subject to Exhaustion of Other Recourses. Neither the Trustee nor the holders of Guaranteed Bonds or coupons, if any, appertaining

thereto shall be bound to exhaust their recourse against the Company, or its property before being entitled to payment from the Guarantor of the moneys hereby guaranteed.

2.5. Trustee to Enforce Guarantee. Should the Guarantor fail to make payment of any principal, premium or interest when the guarantee becomes enforceable, the Trustee may, and shall at the request in writing of the holders of not less than 25% in principal amount of the Guaranteed Bonds then outstanding, enforce payment pursuant to such demand and may, for the purpose of enforcing such payment, institute and carry on in its name, as Trustee, or in any other manner, all such proceedings in any court or courts of competent jurisdiction as may be deemed advisable, or may avail itself of any other remedies which may be available at law or in equity against the Guarantor.

2.6. Action May Be Taken. The Trustee or any holder of Guaranteed Bonds or coupons, if any, appertaining thereto, may, subject to the provisions of this Agreement and the Trust Deed, take action upon the guarantee as herein provided either before or after or during the pendency of any proceedings with respect to any right, remedy or power under this Agreement and the Trust Deed against the Company and the rights of the Trustee or any holder of Guaranteed Bonds so to recover judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Agreement and the Trust Deed and of the Guaranteed Bonds, but the liability of the Guarantor shall remain in respect to any deficiency resulting after enforcement by the Trustee or any holder of Guaranteed Bonds or coupons of their rights against the Company.

2.7. Guarantor May Pay Claims. The Guarantor may, at any time and from time to time, pay on behalf of the Company any liability of the Company and, with the consent of the Company, any claim against the Company which, if unpaid, might cause the remedies set forth in the Trust Deed or in this Agreement to become available.

2.8. Company's Liability Not Affected. Subject to the provisions hereof, any payment by the Guarantor of any moneys to the Trustee or to any holder as such, of Guaranteed Bonds or coupons under this Agreement, shall not affect the liability of the Company for payment thereof to the Guarantor and such liability shall remain unimpaired and enforceable by the Guarantor against the Company as herein provided.

2.9. Guarantor Subrogated. The Guarantor shall, to the extent of all payments made by it pursuant to this Agreement, be subrogated as against the

Company to all the rights, privileges and powers to which the Trustee, the holders of the Guaranteed Bonds and/or coupons appertaining thereto in respect of which or to whom payment was so made were entitled prior to payment by the Guarantor. Where any payment, whether of principal, premium or interest, has been made by the Guarantor to any holder of Guaranteed Bonds or such coupons or to the Trustee for any such holder, the Guarantor shall be deemed, for all purposes of this Agreement to be the holder of such Bonds or claims for interest to the extent so paid by it, but subject to the provisions of the Trust Deed and to the following provisions:

2.9.1. The Guarantor may not do anything or take any action or proceeding which a holder of Guaranteed Bonds is entitled to do or take hereunder if the Trustee determines that the doing of such thing or the taking of such action or proceeding will, in any way, prejudice or be detrimental to the holders of the outstanding Guaranteed Bonds and the coupons, appertaining thereto, if any, which the Guarantor has not paid;

2.9.2. The Guarantor shall not be entitled to receive any moneys pursuant to its subrogation rights as a holder of Guaranteed Bonds or coupons, whether from the Trustee, the Company, or otherwise, until all holders of outstanding Guaranteed Bonds and coupons, if any, appertaining thereto, shall have been paid in full all amounts payable to them under the Trust Deed and under the Guaranteed Bonds or coupons.

2.10. **Company to Reimburse Guarantor.** The Company covenants and agrees with the Guarantor to reimburse the Guarantor for all costs, charges and expenses incurred by the Guarantor incidental to the enforcement of the guarantee, the payment of moneys under this Agreement and the enforcement of its subrogation rights herein contained.

2.11. **Alteration of Obligations.** The Guarantor shall not be released or discharged from its obligations as guarantor or from its covenants and undertakings herein contained by any extension, granting of time, waiver or other alteration of the obligations of the Company; *provided, however*, that in the case of any such other alteration of the obligations of the Company, such other alteration is done in conformity with the provisions of this Agreement and of the Trust Deed.

2.12. **Further Assurances.** The Guarantor will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further things, acts, deeds and assurances in law as the Trustee shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Agreement and of the guarantee herein contained.

2.13. Guarantee Authorized. The guarantee herein contained is given and granted by the Guarantor subject and pursuant to the provisions of the Loan and Guarantee Act, the Act No. 59 of 1954, the Act No. 70 of 1957 and the Act No. 30 of 1961; and such guarantee of each of the Guaranteed Bonds is hereby given in substitution for and not in addition to the guarantee of the Debentures heretofore granted by the Guarantor; and notwithstanding anything in this Article 2 contained, such substituted guarantee of each of the Guaranteed Bonds shall become effective only at such time as each such Guaranteed Bond is certified and delivered by the Depositary in exchange for the corresponding Debenture, and pending such delivery such Guaranteed Bond shall remain on deposit with the Depositary, all as hereinafter provided in Article 3 hereof.

ARTICLE 3

EXCHANGE OF BONDS FOR DEBENTURES

3.1. Basis of Exchange. Each Guaranteed Bond together with interest coupons to become due shall be exchanged for each Debenture together with corresponding interest coupons, as follows:

3.1.1. Each Bond of Series N shall be exchanged for a corresponding principal amount of 4¼ % Sinking Fund Debentures due November 15, 1974 of Union Electric;

3.1.2. Each Bond of Series O shall be exchanged for a corresponding principal amount of 5½ % Sinking Fund Debentures due August 1, 1977 of Union Electric; and

3.1.3. Each Bond of Series P shall be exchanged for a corresponding principal amount of 6¼ % Sinking Fund Debentures due June 1, 1981 of Union Electric.

3.2. Delivery of Guaranteed Bonds. Each of the Guaranteed Bonds shall be certified and delivered with all interest coupons to become due forthwith to the Depositary and pending delivery thereof by the Depositary in exchange for the corresponding Debenture on the basis provided in Section 3.1. hereof, shall be held by the Depositary in trust for the holder of such Debenture, and pending such delivery of such Guaranteed Bond to the holder of such Debenture, such Guaranteed Bond shall constitute a pledge to the Depositary as security for such Debenture.

3.3. Effect of Exchange. Each Guaranteed Bond held by the Depositary pursuant to Section 3.2. hereof shall be delivered by the Depositary to the holder

of the corresponding Debenture in exchange for such Debenture delivered to such Depositary and thereupon:

3.3.1. The guarantee of payment of principal, interest and premium (if any) of such Guaranteed Bond shall become effective; and

3.3.2. The Guaranteed Bond so delivered shall cease to constitute a pledge as security for such Debenture, but shall constitute the evidence of the indebtedness of the Company to the holder of such Debenture; and

3.3.3. The said Debenture and all unmatured interest coupons shall be cancelled and may be destroyed by the Depositary.

3.4. Effect of Delivery to Depositary. Upon the delivery to the Depositary of all of the Guaranteed Bonds in pledge pursuant to Section 3.2, hereof (which Guaranteed Bonds are secured by first fixed and specific mortgage and charge on the Specifically Mortgaged Premises of the Company and by floating charge on the Mortgaged Premises of the Company, and which Guaranteed Bonds rank *pari passu*), the charges on the property of Union Electric expressed in the Indentures of Trust shall be released by such act of delivery.

ARTICLE 4

COVENANTS OF THE COMPANY

4.1. Covenants of Trust Deed. The Company covenants and agrees for and in favour of the Guarantor to observe and to fulfill each and every of the covenants of the Company contained in the Trust Deed and more particularly, but without limitation, the covenants contained in Articles 10 and 11 of the Trust Deed.

4.2. Defaults. The Company covenants and agrees for and in favour of the Guarantor that any default under the Trust Deed shall constitute a default under this Agreement and shall render exigible the rights and recourses of the Guarantor against the Company hereunder.

ARTICLE 5

ACCEPTANCE BY DEPOSITARY

5.1. Endorsement of a counterpart or counterparts of this Agreement by the Depositary shall constitute a sufficient acknowledgment and acceptance of these presents and of the receipt of Guaranteed Bonds by the Depositary and thereupon the Depositary shall be deemed to have undertaken to hold and exchange the Guaranteed Bonds for the Debentures as provided in this Agreement.

IN WITNESS WHEREOF, the parties hereto have respectively caused their common seals to be hereto affixed and these presents to be executed in their names and on their behalf respectively as of the date and year first above written.

NEWFOUNDLAND LIGHT & POWER CO.
LIMITED

(Sgd.) J. B. O'Keefe
Witness

By: (Sgd.) V. A. Ainsworth
(Sgd.) D. C. Hunt

(SEAL)

(Sgd.) Gloria Harding
Witness

MONTREAL TRUST COMPANY

By: (Sgd.) M. J. Fleet
(Sgd.) B. Kennedy

(SEAL)

HER MAJESTY THE QUEEN in right of the
Province of Newfoundland

(Sgd.) Brenda Frelich
Witness

By: (Sgd.) T. Alex Hickman
Attorney General for Newfoundland.

The undersigned, Eastern & Chartered Trust Company, hereby acknowledges receipt of the foregoing Agreement and the Guaranteed Bonds therein mentioned.

EASTERN & CHARTERED TRUST COMPANY

(Sgd.) Gloria Harding
Witness

By: (Sgd.) J. B. Ells
(Sgd.) F. R. Soper

(SEAL)

REGISTERED in the Registry of Deeds for Newfoundland and its Dependencies on September 27, 1966 at 11 a.m., Volume 831, Folios 505-521.