

Requests for Information

Volume 1, Section 3 – Finance

Q. (Section 3.2.5: Financing Charges) Please provide (a) the call/redemption provisions and (b) the sinking fund and/or mandatory debt repurchase or retirement provisions for each of the Company’s outstanding debt and preference share issues.

A. *First Mortgage Sinking Fund Bonds*

The call provisions for each of the Company’s first mortgage sinking fund bond issues, as recorded in the Deed of Trust and Mortgage, are as follows.

The bonds will be redeemable, at the Company’s option, in whole at any time or in part from time to time, on not less than 30 days prior notice, at the Applicable Redemption Price, together with accrued and unpaid interest to the date fixed for redemption. The “Applicable Redemption Price” shall be the higher of the Canada Yield Price (as defined below) and the principal amount.

The “Canada Yield Price” shall mean, in effect, a price equal to the price of the Series Bonds calculated to provide a yield to maturity equal to the Government of Canada Yield¹ plus a pre-determined percentage on the business day preceding the date of the resolution of the Board of Directors of the Company authorizing the redemption.

Table 1 shows the pre-determined percentages for each of the Series.

**Table 1
Pre-determined Percentage by Series**

Series	Percentage
AC	0.75%
AD	0.50%
AE	0.50%
AF	0.375%
AG	0.30%
AH	0.20%
AI	0.30%
AJ	0.46%
AK	0.26%
AL	0.35%

¹ Government of Canada Yield on any date means the estimated yield to maturity compounded semi-annually which a non-callable Government of Canada Bond would carry if issued in Canadian dollars in Canada at 100% of its principal amount on that date with a term to maturity equal to the remaining term to maturity of the Series Bond.

Requests for Information

1
2 The Company's First Mortgage Bonds are also subject to annual sinking fund provisions
3 under the Deed of Trust and Mortgage. Sinking fund payments equal to 1% of the
4 original principal balance of all outstanding debt issues, together with accrued and unpaid
5 interest are due to the Trustee on October 1st each year. The Trustee in turn selects bonds
6 for redemption equal to 1% of the original principal balance, and issues the appropriate
7 notice of redemption to the Company's bondholders, in accordance with the Deed of
8 Trust and Mortgage.
9

10
11 ***First Preference Shares***

12 Newfoundland Power's Series A and B Preference Shares are currently redeemable at the
13 option of the Company at par value plus a premium of 5% (the Series A & B redemption
14 prices), together with accrued and unpaid dividends calculated to the date of redemption.
15

16 Newfoundland Power's Series D Preference Shares are currently redeemable at the
17 option of the Company at par value plus a premium of 2%, together with accrued and
18 unpaid dividends calculated to the date of redemption.
19

20 Newfoundland Power's Series G Preference Shares are currently redeemable at the
21 option of the Company at par value without any additional premium, plus accrued and
22 unpaid dividends calculated to the date of redemption.
23

24 Series D and G First Preference Shares are also subject to the operation of purchase
25 funds, and the Company has the right to purchase limited amounts of Series D (up to
26 10,000 shares) and Series G (up to 18,000 shares) First Preference Shares at or below
27 par.