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Muskrat Falls Project – NL Equity Support  
Agreements and Guarantees for NL Equity  
Support AgreementsNR2013-  
FIN2013-

**Title: Muskrat Falls Project – NL Equity Support Agreements and  
Guarantees for NL Equity Support Agreements**

**ISSUE:**

Whether to authorize Nalcor to sign the respective NL Equity Support Agreements for the construction of Muskrat Falls (MF), the Labrador Transmission Assets (LTA), and the Labrador Island Link (LIL), including related Master Definitions Agreements, as well as approving and authorizing the Minister of Finance to sign Guarantees for the NL Equity Support Agreements for the construction of MF, the LTA, and the LIL, including Master Definitions Agreements.

**RECOMMENDATIONS:**

It is recommended that Cabinet:

1. Authorize Nalcor to sign separate NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link substantially along the lines of those attached in Annex C, including the related Master Definitions Agreements substantially along the lines of Annex D; and
2. Approve and authorize the Minister of Finance to sign separate Guarantees for the NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link substantially along the lines of those attached in Annex C, including the related Master Definition Agreements substantially along the lines of those attached in Annex D, as the designate for the Minister of Municipal and Intergovernmental Affairs pursuant to Section 7 of the *Intergovernmental Affairs Act*.

**BACKGROUND:**

The Muskrat Falls Project (the Project) is to be financed through a combination of debt and equity. Government's financial contribution to the Project will be provided through an equity investment into Nalcor, which Nalcor will then invest as equity into the subsidiary corporations that will be responsible for each element of the Project. For the remaining Project costs, Nalcor will borrow through its subsidiaries responsible for each aspect of the Project – MF (generating facility), LTA (transmission assets linking MF and Churchill Falls), and LIL (connects the Island to generation facilities in Labrador). Each Project component will be funded through separate equity and debt financing structures.

In November 2011, the Province outlined its commitments to the Project in a Commitment Letter addressed to the CEO of Nalcor Energy (*attached as Annex A*). With respect to Government's equity contribution, one of the commitments in that letter was to, "*provide the base level and contingent equity support that will be required by Nalcor to support successful achievement of in-service for MF, the LTA, and the LIL in cases with and without the participation of Emera.*" The Commitment Letter has been subsequently used for finance-raising purposes as well as securing the Federal Loan Guarantee (FLG) Term Sheet.

The FLG Term Sheet, negotiated between parties (Canada, NL, NS, Nalcor, and Emera) and released in November 2012, contains a number of conditions precedent that the parties must complete to the satisfaction of the federal government (Canada) prior to the finalization of the FLG. One of these conditions precedent, Section 3.5 (v)(a), is effectively to implement aspects of the Commitment Letter, including the above commitment related to equity (*Schedule A of the FLG is attached as Annex B*). Base equity refers to the budgeted equity contribution to each project to complete the Project at the planned debt-to-equity ratio for Project costs. Contingent equity refers to the additional equity, additional to the base equity contribution, which may be required to cover cost overruns on each aspect of the project (MF, LTA, LIL).

The effect of the commitments outlined in the Commitment Letter and the FLG is that the Province is ultimately responsible to fund all of the necessary equity, with no limitation, to achieve Project in-service. This represents, in effect, a completion guarantee. To meet the FLG requirements, and consistent with Government's commitment letter, Nalcor and the Province

will enter into two separate agreements for each aspect of the project (MF, LTA, and LIL):

*NL Equity Support Agreements*

Nalcor is entering into a separate agreement for each of MF, LTA, and LIL with the responsible subsidiaries and Canada (through a financial intermediary trustee) for the provision of base and contingent equity to each subsidiary (*NL Equity Support Agreements attached as Annex C*). Specifically, Nalcor is committing to provide base equity sufficient to meet the maximum debt to equity ratios for each Project set in the FLG (MF/LTA: debt to equity ratio of 65:35; LIL: debt to equity ratio of 75:25), and contingent equity, above the base equity and guaranteed debt, for any cost overruns and as required to achieve commissioning of MF, LTA and LIL.

The base equity commitment includes the equity portion of an amount necessary to establish a reserve at least equal to the principal and interest obligations of the borrower (i.e. the respective Nalcor subsidiary) for a 6 month period. For the MF/LTA, a separate commitment was made in the FLG to fund an additional reserve to this 6 month reserve. The MF/LTA aspects must maintain a ratio of cash available for debt servicing (i.e. liquidity reserve) of no less than 1.4x for 10 years following commercial operations date. Nalcor has agreed to initially fund this liquidity reserve at commissioning at \$95 million. Nalcor advises that with this level of initial funding and the FLG, their financial models do not forecast any draw on the \$95 million and thus no top-up would be necessary over the 10 year period. A potential reduction of this \$95 million amount is currently under discussion between Nalcor and Canada.

The base and contingent equity commitments for each project terminate upon commissioning. For the LIL, this means the Equity Support Agreement terminates at this time. The MF/LTA Equity Support Agreement will continue for 10 years following commissioning, but only in respect of the liquidity reserve noted above.

*Guarantees for NL Equity Support Agreement*

The Province is entering into a separate agreement for each of MF, LTA, and LIL with Canada's financial intermediary trustee to guarantee the payment of Nalcor's equity commitments under the respective NL Equity Support Agreements should Nalcor fail to fulfill its commitments. The effect is that the Province is guaranteeing to fund all of the required base equity, as well as

funding all contingent equity required for cost overruns.

This guarantee is irrevocable and absolute and constitutes a guarantee of payment. The guarantee is enforceable irrespective of the unenforceability or invalidity of any of the guarantee obligations, failure by a party to pay the guarantee obligations when due, bankruptcy or insolvency, and any act or omission of the collateral trustee. Effectively, the Province will be required to pay any equity upon demand within 5 business days, regardless what may have happened to the Project or Nalcor.

The guarantees terminate upon termination of the respective NL Equity Support Agreements. As such, the guarantee for the LIL terminates at commissioning, whereas the guarantee for MF and LTA terminates 10 years following commissioning to accommodate the commitment for the liquidity reserve noted previously.

The agreements and guarantees are to be executed in favour of a Toronto Dominion bank or a related corporation entity (the exact identity is still being determined), who will be acting as "Collateral Agent". This institution acts as agent for a number of parties in the financing structure, one of whom is specifically identified as being Canada. [REDACTED]

#### *Estimated Required Equity*

With respect to the MF, LTA, and LIL, the FLG is capped at \$5 billion: MF/LTA – \$2.6 billion; LIL - \$2.4 billion. As previously indicated, any costs in addition to this guaranteed debt will

come in the form of equity and will be guaranteed by the Province. Nalcor has advised that its current estimate of the equity required for Project in-service is \$1.886 billion.

The Province and Nalcor will be entering into a Funding Protocol Agreement that outlines a protocol around the Province's equity contributions. The Protocol is currently under development.

**ALTERNATIVES:**

**1. Authorize Nalcor to sign separate NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link substantially along the lines of those attached in Annex C, including the related Master Definitions Agreements substantially along the lines of Annex D; and Approve and authorize the Minister of Finance to sign separate Guarantees for the NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link substantially along the lines of those attached in Annex C, including the related Master Definition Agreements substantially along the lines of those attached in Annex D, as the designate for the Minister of Municipal and Intergovernmental Affairs pursuant to Section 7 of the Intergovernmental Affairs Act. (RECOMMENDED)**

Pros:

- Meets a condition precedent of the FLG which will enable financial close and the ability to borrow for Project costs instead of using equity to finance Project costs.
- Is consistent with previous Government commitments and decisions related to equity commitments for the Project.
- Will maintain Project schedule with financial close expected in December 2013.
- Will confirm Government's support and commitment to the Project.

Cons:

- Government guaranteeing all equity required to achieve in-service, on demand and with no limit, may be viewed negatively by the public.

- The liability to the Province associated with the Guarantee for the NL Equity Support Agreements could potentially be very significant.

**2. Do not authorize Nalcor to sign the NL Equity Support Agreements and do not approve and authorize the Minister of Finance to sign Guarantees for the NL Equity Support Agreements. (NOT RECOMMENDED).**

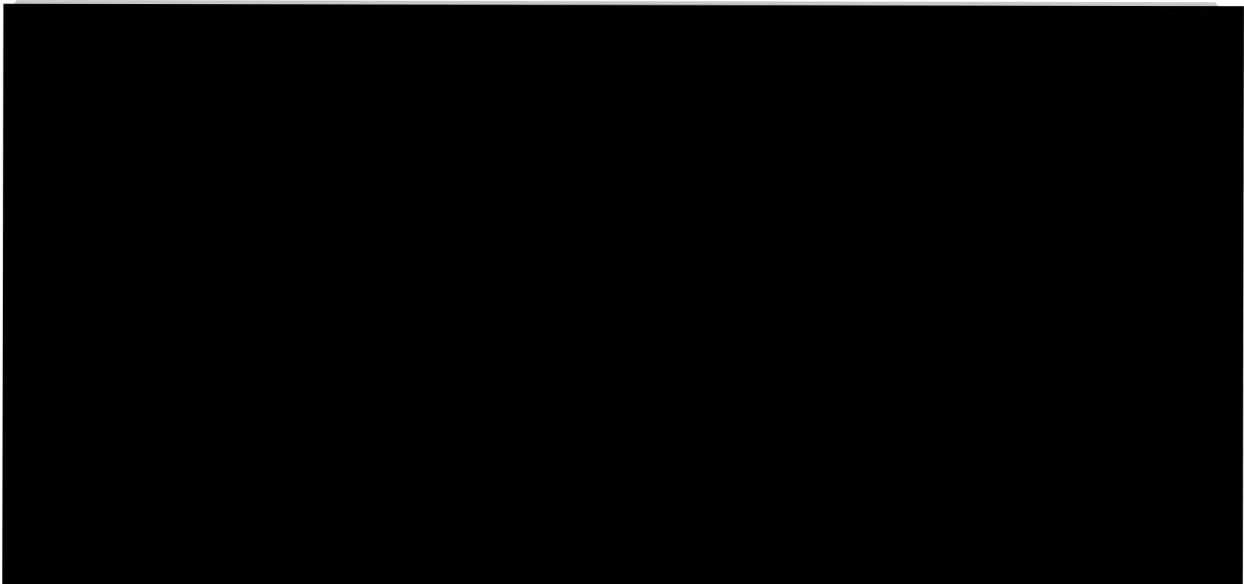
Pros:

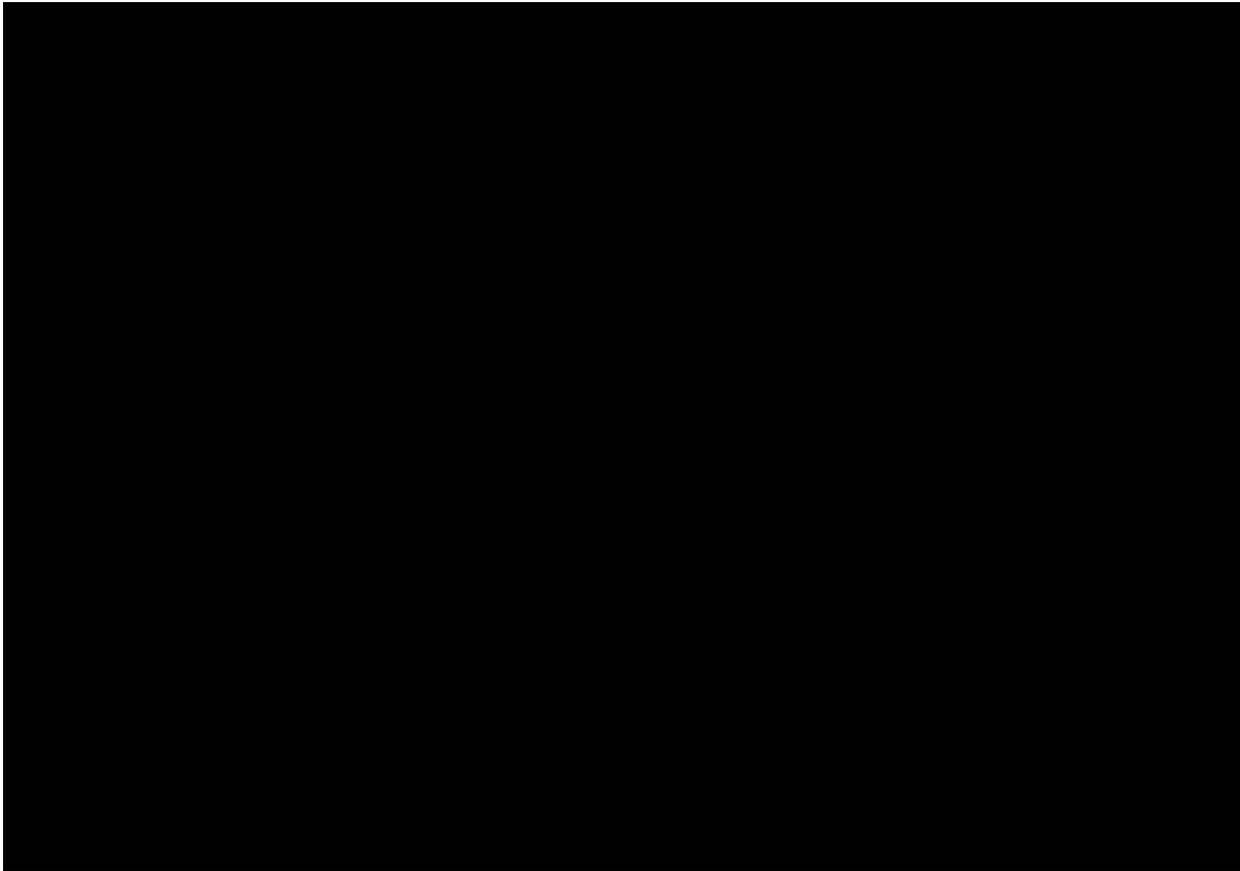
- Will avoid potential negative public reaction at this time.
- The Province would not be subject to the potential liability associated with the Guarantee for the NL Equity Support Agreements.

Cons:

- Would not satisfy a condition precedent of the FLG which will not enable financial close and would prevent the finalization of the FLG.
- Would be inconsistent with previous Government commitments and decisions related to equity commitments for the Project.
- Will potentially delay Project schedule.
- Could be perceived as Government's commitment to the Project is waning.

**LEGISLATIVE / REGULATORY CONSIDERATIONS:**



**FINANCIAL CONSIDERATIONS:**

At the time of project sanction, the Province committed to a fixed equity contribution of \$1.866 billion for the MF/LTA and LIL. The signing of this loan guarantee agreement does not add any additional financial costs for the Province. If there are project overruns, Nalcor will be seeking additional equity contributions from the Province. This risk was known at time of project sanction. The agreement needs to be signed in order to obtain the Federal Loan Guarantee. Nalcor estimates the benefit of the loan guarantee to be in the order of \$1 billion.

**INTERDEPARTMENTAL CONSIDERATIONS:**

The Departments of Justice, Finance, and Natural Resources have collaborated on the development of this Submission. Other Departments, including Rural Secretariat, have been consulted on previous submissions including the sanction of the Project, along with associated legislative amendments and lands-related regulations.

**LABRADOR OR ABORIGINAL CONSIDERATIONS:**

The Generation Project and portions of the transmission are located in Labrador and Aboriginal organizations with asserted claims in Labrador are being consulted on regulatory approvals associated with the development.

**INTERGOVERNMENTAL CONSIDERATIONS:**

These recommendations are necessary in order to satisfy the conditions, in part, of Section 3.5 (v) of the FLG Term Sheet. Discussions are ongoing to satisfy these conditions with Canada.

**OTHER JURISDICTIONS:**

Similar agreements are being developed between Canada and Emera as per Section 3.5 (viii) of the FLG Term Sheet; however, it is Emera (as the proponent of the Maritime Link and a private company) that is guaranteeing the completion of the Maritime Link instead of the Government of Nova Scotia.

**CONSULTATIONS:**

Nalcor and its financial/legal advisors have been consulted extensively throughout the development of the agreements and concur with its proposed contents. Nalcor was also involved in developing the Commitment Letter and the FLG Term Sheet.

**ENVIRONMENTAL CONSIDERATIONS:**

N/A

**COMMUNICATIONS AND CONSULTATION SYNOPSIS:**

Attached as Annex E.



**Attachments:**

Annex A: Commitment Letter

Annex B: Schedule A of the FLG

Annex C: NL Equity Support Agreements and Guarantees for NL Equity Support Agreements

Annex D : Master Definitions Agreements for MF/LTA and LIL

Annex E: Communications and Consultation Synopsis

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**Derrick Dalley**  
MHA, The Isles of Notre Dame  
Minister of Natural Resources

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**Thomas W. Marshall, Q.C.**  
Minister of Finance

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## Annex A



Government of Newfoundland and Labrador  
Office of the Premier

October 18, 2011

Mr. Edmund J. Martin  
President and CEO  
Nalcor Energy  
500 Columbus Drive  
St. John's, NL  
A1B 0C9

Dear Mr. Martin:

This letter outlines the objectives and intentions of the Government of Newfoundland and Labrador (the "Government") in support of the Lower Churchill Projects (the "Projects") being undertaken by Nalcor Energy ("Nalcor") in association with Emera Inc. ("Emera") and its subsidiaries, as described below.

The Projects are:

- The Muskrat Falls generation facility ("MF") and Labrador transmission assets ("LTA"), comprising a 345 kV HVAC transmission interconnect between MF and Churchill Falls, which Nalcor will be responsible to develop;
- The Labrador-Island Link, a HVDC transmission line connecting the Island of Newfoundland to generation facilities in Labrador, including any associated upgrades to the island interconnected system funded as part of this project component (the "LIL"). Nalcor will develop the LIL and provide Emera with an opportunity to invest in it; and
- The Maritime Link, a HVDC transmission line connecting the Island interconnected system to Nova Scotia (the "ML"). Emera or an entity which it controls and Nalcor will jointly develop the ML. In exchange for Emera funding 100% of the construction cost of the ML, and providing Nalcor with long-term transmission services over the ML, Nalcor will provide approximately 1 TWh of energy annually to Nova Scotia for 35 years.

The Government is committed to supporting the development of the Projects as a matter of Government policy of the highest importance, consistent with its *2007 Energy Plan*. To that end, upon the final sanctioning of the Projects, Government's policy will be to revise the framework governing the electricity industry in the Province to align that

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framework with the requirements of the successful completion of the Projects. As part of this process, Government is committed to do the following:

1. Approve the creation of those subsidiaries or entities controlled by Nalcor which are required in order to facilitate the development and operation of MF, the LIL and the LTA, and to ensure Nalcor and existing and new subsidiaries or entities have the authorized borrowing powers required to implement the Projects and meet any related contractual or reliability obligations.
2. Provide the base level and contingent equity support that will be required by Nalcor to support successful achievement of in-service for MF, the LTA and the LIL, in cases with and without the participation of Emera.
3. Ensure that, upon MF achieving in-service, the regulated rates for Newfoundland and Labrador Hydro (“NLH”) will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for the purchase and delivery of energy from MF, including those costs incurred by NLH pursuant to any applicable power purchase agreement (“PPA”) between NLH and the relevant Nalcor subsidiary or entity controlled by Nalcor that will provide for a recovery of costs over the term of the PPA and relate to:
  - (a) initial and sustaining capital costs and related financing costs (on both debt and equity), including all debt service costs and a defined internal rate of return on equity over the term of the PPA;
  - (b) operating and maintenance costs , including those costs associated with transmission service for delivery of MF power over the LTA (as described further in 5 below);
  - (c) applicable taxes and fees;
  - (d) payments pursuant to any applicable Impact & Benefit agreements;
  - (e) payments pursuant to the water lease and water management agreements; and
  - (f) extraordinary or emergency repairs.
4. Ensure that, upon the LIL achieving in-service, the regulated rates for NLH will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for transmission services, including those costs incurred by NLH pursuant to any applicable agreements between NLH, the LIL operating entity and/or the entity holding ownership in the LIL assets, that will provide for a recovery of costs over the service life of the LIL and relate to:
  - (a) initial and sustaining capital costs of the LIL and related financing and debt service costs, including a specified capital structure and regulated rate of return on equity equal to, at least, a minimum value required to achieve

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the debt service coverage ratio agreed to in lending agreements by the LIL borrowing entity;

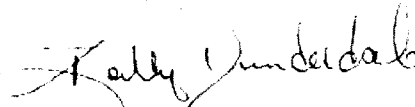
- (b) operating and maintenance costs;
- (c) applicable taxes and fees; and
- (d) extraordinary or emergency repairs;

and that any entity which is associated with the investment of Emera in the LIL will be treated as a “public utility” under the Public Utilities Act and the Electrical Power Control Act, 1994;

5. Ensure that, upon LTA achieving in-service, the regulated rates for the provision of transmission service over the LTA will provide for a recovery of costs over the service life of the LTA including initial and sustaining capital costs, operating and maintenance costs, extraordinary or emergency repairs, applicable taxes and fees and financing costs (on both debt and equity), including all debt service costs and a defined internal rate of return on equity over the term of any applicable agreement.

The means undertaken to implement these policies and objectives will be at the sole discretion of the Government, but may include legislative amendments, regulatory rulings, and orders under current legislation.

Sincerely,



**KATHY DUNDERDALE**  
Premier

## Annex B

## SCHEDULE "A"

NL Crown commits to do the following:

1. Approve the creation of those subsidiaries or entities controlled by Nalcor which are required in order to facilitate the development and operation of MF, the LIL and the LTA, and to ensure Nalcor and existing and new subsidiaries or entities have the authorized borrowing powers required to implement the Projects and meet any related contractual or reliability obligations.
2. Provide the base level and contingent equity support that will be required by Nalcor to support successful achievement of in-service for MF, the LTA and the LIL, in cases with and without the participation of Emera.
3. Ensure that, upon MF achieving in-service, the regulated rates for Newfoundland and Labrador Hydro ("NLH") will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for the purchase and delivery of energy from MF, including those costs incurred by NLH pursuant to any applicable power purchase agreement ("PPA") between NLH and the relevant Nalcor subsidiary or entity controlled by Nalcor that will provide for a recovery of costs over the term of the PPA and relate to:
  - a) initial and sustaining capital costs and related financing costs (on both debt and equity), including all debt service costs and a defined internal rate of return on equity over the term of the PPA;
  - b) operating and maintenance costs, including those costs associated with transmission service for delivery of MF power over the LTA (as described further in 5 below);
  - c) applicable taxes and fees;
  - d) payments pursuant to any applicable Impact & Benefit agreements;
  - e) payments pursuant to the water lease and water management agreements; and
  - f) extraordinary or emergency repairs.
4. Ensure that, upon the LIL achieving in-service, the regulated rates for NLH will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for transmission services, including those costs incurred by NLH pursuant to any applicable agreements between NLH, the LIL operating entity and/or the entity holding ownership in the LIL assets, that will provide for a recovery of costs over the service life of the LIL and relate to:
  - a) initial and sustaining capital costs of the LIL and related financing and debt service costs, including a specific capital structure and regulated rate of return on equity equal to, at least, a minimum value required to achieve the debt service coverage ratio agreed to in lending agreements by the LIL borrowing entity;

EQUITY CONTRIBUTION AGREEMENT – PAGE 5

- b) operating and maintenance costs;
  - c) applicable taxes and fees; and
  - d) extraordinary or emergency repairs;
5. Ensure that, upon LTA achieving in-service, the regulated rates for the provision of transmission service over the LTA will provide for a recovery of costs over the service life of the LTA including initial and sustaining capital costs, operating and maintenance costs, extraordinary or emergency repairs, applicable taxes and fees and financing costs (on both debt and equity), including all debt service costs and a defined internal rate of return on equity over the term of any applicable agreement.

Annex C

**DRAFT**  
**dated October 31, 2013**

**NALCOR ENERGY**

**and**

**LABRADOR-ISLAND LINK HOLDING CORPORATION**

**and**

**LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION**

**and**

**LABRADOR-ISLAND LINK LIMITED PARTNERSHIP**

**and**

**<@>**

**[Collateral Agent]**

**LIL EQUITY SUPPORT AGREEMENT**

**DATED AS OF <@>, 2013**

NL EQUITY SUPPORT AGREEMENT entered into at St. John's, Province of Newfoundland and Labrador, dated as of <[REDACTED]>, 2013.

AMONG: NALCOR ENERGY;  
 AND: LABRADOR-ISLAND LINK HOLDING CORPORATION;  
 AND: LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION;  
 AND: LABRADOR-ISLAND LINK LIMITED PARTNERSHIP;  
 AND: <[REDACTED]>, [<[REDACTED]> Collateral Agent<[REDACTED]>];

[NOTE TO DRAFT: The recitals will need to reflect the financing that is put in place on the initial financial closing. Accordingly, certain defined terms will need to be adapted to reflect the final Consolidated Transactions Documents as certain assumptions have been made regarding the words and expressions that will be defined therein.]

[NOTE TO DRAFT: Once a description of the LIL Project Finance Documents can be produced, it will be included in these recitals.]

**WHEREAS** Canada has issued the Federal Loan Guarantee to assist in the financing provided by the Funding Vehicle to the Intermediary Trust that will then on-lend the funds borrowed by it to the Partnership to finance the Project Costs, in part;

**WHEREAS** the Partnership has agreed to provide security to the Collateral Agent, for the benefit of the GAA Finance Parties, to secure the LIL Secured Obligations;

**WHEREAS** in consideration of the issuance of the Federal Loan Guarantee and as security for its repayment indemnity and other obligations it has undertaken towards Canada, the Funding Vehicle has executed the FV Security Documents creating Liens on all its Assets including its rights in the Collateral Mortgage Bonds issued by the Obligors in favour of the Collateral Agent, for the benefit of Canada;

**WHEREAS** the LIL Parties acknowledge and agree that pursuant to the terms of the Collateral Agency Agreement, the Collateral Agent must act in accordance with the Requisite Instructions and in the event of any conflict in the Requisite Instructions received, the Collateral Agent is required to act in accordance with the instructions of Canada;

**WHEREAS** it is a condition precedent to the financing and hedging facilities to be made available to the Partnership under the LIL Project Finance Documents that the LIL Parties execute this Agreement in favour of the Collateral Agent, for and on behalf of the GAA Finance Parties;



**WHEREAS** Nalcor has agreed to make Base Equity Contributions under the Base Equity Commitment in order to finance the Equity Rateable Share of the Project Costs;

**WHEREAS** [**<**■**>**Cdn\$**<**■**>**] of Base Equity Contributions has been made by Nalcor as of the date hereof, all of which has been used to finance Project Costs incurred to date;

**WHEREAS** Nalcor has also agreed to make Contingency Equity Contributions under the Contingency Equity Commitment, as required, in order to finance the Equity Rateable Share of any Cost Overruns; **[NOTE TO DRAFT: Soon before Financial Close, we should determine whether any Cost Overruns have been incurred and funded so as to allow us to identify the amount.]**

**WHEREAS** Nalcor has also agreed to make the DSRA Equity Contribution under the DSRA Equity Commitment, as required, in order to finance the Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

**WHEREAS** the financing and hedging facilities under the LIL Project Finance Documents are being made available to the Partnership in reliance upon the covenants and agreements of the LIL Parties set forth herein;

**WHEREAS** it is in the best interests of the LIL Parties to provide the covenants set forth in this Agreement to the Collateral Agent, the whole upon the terms and subject to the conditions of this Agreement;

**WHEREAS** NL Crown shall execute concurrently herewith the NL Crown Guarantee in favour of the Collateral Agent for the payment obligations of the Contributing Parties hereunder;

**WHEREAS** Nalcor is authorized to execute this Agreement and perform its obligations hereunder pursuant to **<**■**>**; **[NOTE TO DRAFT: Refer to relevant legislation or authorization documents.]**

**NOW, THEREFORE**, in consideration of the premises and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto have agreed as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.1 Definitions

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in the master definitions agreement dated **<**■**>**, 2013 entered into among, *inter alia*, the Collateral Agent, the Lead Arranger, Canada, the Funding Vehicle, the Intermediary Trust and the LIL Parties (the "**Master Definitions Agreement**"). The rules of interpretation set forth in Article 1 of the Master Definitions Agreement apply to this LIL Equity Support Agreement as if at length recited herein.

## 1.2 Recitals

The recitals of this Agreement shall form an integral part hereof as if at length recited herein.

## 1.3 Headings

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "LIL Equity Support Agreement", "this LIL Equity Support Agreement", "this Agreement", "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

## 1.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of NL and the federal Laws of Canada applicable therein and all actions, suits and Proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

## 1.5 Time

Time shall be of the essence of this Agreement.

# ARTICLE 2

## EQUITY CONTRIBUTIONS

### 2.1 Available Base Equity Commitment

Base Equity Contributions shall not exceed, at any time, the Available Base Equity Commitment at such time. It is hereby acknowledged and agreed that, as of the date hereof, the Available Base Equity Commitment is \$<█>.

### 2.2 GP Covenant

The GP represents and warrants that pursuant to the NEFA, it may issue to Nalcor LP a notice of requirement to pay (each a "Cash Call Notice") on a monthly basis or whenever it determines it appropriate to do so. In furtherance of that power, the GP covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that it shall issue a Cash Call Notice to Nalcor LP:

2.2.1 each time that a Base Equity Contribution is required to be made at such time;

2.2.2 each time that a Contingency Equity Contribution is required to be made at such time; and

2.2.3 prior to Commissioning, if a DSRA Equity Contribution is required to be made at such time;

in each case, in accordance with the provisions of the LIL Project Finance Agreement. The GP shall send each Cash Call Notice concurrently to Nalcor, NL Crown, the Collateral Agent and Canada.

### 2.3 Base Equity Contribution Covenants

Subject expressly to the provisions of Section 2.6, Nalcor and Nalcor LP hereby make the following covenants:

2.3.1 Nalcor covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of any Cash Call Notice with respect to a Base Equity Contribution (the "**Required Base Equity Contribution Date**"), it shall pay to Nalcor LP, by way of an equity contribution in Nalcor LP, an amount not exceeding the lesser of (i) the then Available Base Equity Commitment as specified by the GP in the Cash Call Notice, and (ii) the amount specified in such Cash Call Notice (each, a "**Nalcor Base Equity Contribution**").

2.3.2 Nalcor LP covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that immediately upon receipt by it of the Nalcor Base Equity Contribution, it shall in turn pay to the Partnership, by way of an equity contribution in the Partnership by no later than the Required Base Equity Contribution Date in an amount equal to the Nalcor Base Equity Contribution, by depositing such amount in the Partnership Project Funding Account (each, a "**Nalcor LP Base Equity Contribution**").

For greater certainty, the funds received by Nalcor LP and the Partnership as a result of each Nalcor Base Equity Contribution and each Nalcor LP Base Equity Contribution pursuant to this Section shall be used by Nalcor LP and the Partnership, respectively, solely for the purposes of making the payments by way of equity contributions and deposits to the Partnership Project Funding Account required to be made pursuant to this Section.

### 2.4 Contingency Equity Contribution Covenants

Subject expressly to the provisions of Sections 2.6 and 2.7, Nalcor and Nalcor LP hereby make the following covenants:

2.4.1 Nalcor covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of any Cash Call Notice with respect to Cost Overruns (the "**Required Contingency Equity Contribution Date**"), it shall pay to Nalcor LP, by way of an equity contribution in Nalcor LP, the amount specified in such Cash Call Notice (each, a "**Nalcor Contingency Equity Contribution**").

2.4.2 Nalcor LP covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that immediately upon receipt by it of the Nalcor

Contingency Equity Contribution, it shall in turn pay to the Partnership, by way of an equity contribution in the Partnership by no later than the Required Contingency Equity Contribution Date in an amount equal to the Nalcor Contingency Equity Contribution, by depositing such amount in the Partnership Project Funding Account (each, a "**Nalcor LP Contingency Equity Contribution**").

For greater certainty, the funds received by Nalcor LP and the Partnership as a result of each Nalcor Contingency Equity Contribution and each Nalcor LP Contingency Equity Contribution pursuant to this Section shall be used by Nalcor LP and the Partnership, respectively, solely for the purposes of making the payments by way of equity contributions and deposits to the Partnership Project Funding Account required to be made pursuant to this Section.

## 2.5 DSRA Equity Contribution Covenants

Subject expressly to the provisions of Section 2.6, Nalcor and Nalcor LP hereby make the following covenants:

2.5.1 Nalcor covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of the Cash Call Notice with respect to the DSRA Equity Contribution (the "**Required DSRA Equity Contribution Date**"), it shall pay to Nalcor LP, by way of an equity contribution in Nalcor LP the amount specified in such Cash Call Notice (the "**Nalcor DSRA Equity Contribution**").

2.5.2 Nalcor LP covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that immediately upon receipt by it of the Nalcor DSRA Equity Contribution, it shall in turn pay to the Partnership, by way of an equity contribution in the Partnership by no later than the Required DSRA Equity Contribution Date in an amount equal to the Nalcor DSRA Equity Contribution, by depositing such amount in the Partnership Project Funding Account for release and deposit into the DSRA as contemplated in subsection 2.9.5 (the "**Nalcor LP DSRA Equity Contribution**").

For greater certainty, the funds received by Nalcor LP and the Partnership as a result of the Nalcor DSRA Equity Contribution and the Nalcor LP DSRA Equity Contribution pursuant to this Section shall be used by Nalcor LP and the Partnership, respectively, solely for the purposes of making the payments by way of equity contributions and deposits to the Partnership Project Funding Account for release and deposit into the DSRA as required to be made pursuant to this Section.

## 2.6 Proviso to Equity Contribution Covenants

Notwithstanding the provisions of Sections 2.3, 2.4 and 2.5, where on any Required Contribution Date any portion of the relevant Nalcor Contribution and Nalcor LP Contribution required to be paid on such date has been paid by way of a deposit to the Partnership Project Funding Account or DSRA, as the case may be, by the Class B Limited Partner (a "**Concurrent Contribution**"), then the obligations of the Contributing Parties to make such payments on such Required Contribution Date shall be satisfied to the extent of the amount of the Concurrent Contribution so

made and such Concurrent Contribution shall constitute for all purposes hereof a Base Equity Contribution, a Contingency Equity Contribution or the DSRA Equity Contribution, as the case may be.

## 2.7 Proviso to Contingency Equity Contribution Covenants

Notwithstanding the provisions of Section 2.4, provided the Partnership is permitted to incur Additional Debt under the provisions and on satisfaction of the conditions of the LIL Project Finance Agreement, where on any Required Contingency Equity Contribution Date any portion of the Nalcor Contingency Equity Contribution and Nalcor LP Contingency Equity Contribution required to be paid on such date has been paid by way of a deposit to the Partnership Project Funding Account from the proceeds of such Additional Debt (an "**Additional Debt Concurrent Contribution**"), then the obligations of the Contributing Parties to make such payments on such Required Contingency Equity Contribution Date shall be satisfied to the extent of the amount of the Additional Debt Concurrent Contribution so made and such Additional Debt Concurrent Contribution shall constitute for all purposes hereof a Contingency Equity Contribution.

## 2.8 Fulfilment of Obligations

Notwithstanding any other provision hereof, it is hereby agreed that the obligations of Nalcor under any one of Sections 2.3, 2.4 and 2.5 shall not be satisfied until an amount equal to the Nalcor Contribution relating to the relevant Cash Call Notice referred to under any such sections is deposited in the Partnership Project Funding Account or the DSRA, as the case may be.

## 2.9 Conditions to Equity Contributions

The Collateral Agent acknowledges, covenants and agrees that:

2.9.1 each Base Equity Contribution shall be deposited forthwith in the Partnership Project Funding Account and shall be used exclusively to pay the Equity Rateable Share of the Project Costs to be paid therewith;

2.9.2 each Contingency Equity Contribution shall be deposited forthwith in the Partnership Project Funding Account and shall be used exclusively to pay the Equity Rateable Share of the Cost Overruns to be paid therewith;

2.9.3 the DSRA Equity Contribution shall be deposited forthwith in the DSRA and shall be used exclusively to fund the Equity Rateable Share of the Minimum DSRA Requirement to be funded therewith as at the Commissioning Date;

2.9.4 the Collateral Agent shall only release any Base Equity Contribution from the Partnership Project Funding Account concurrently with the release from the Partnership Project Funding Account of the Debt Rateable Share of the Project Costs to which such Base Equity Contribution relates. Even if a LIL Event of Default or acceleration of the amounts owed by the Partnership under the LIL Project Finance Agreement has occurred, the Collateral Agent shall not release any such Base Equity Contribution from the Partnership Project Funding Account until such Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above;

2.9.5 the Collateral Agent shall only release any DSRA Equity Contribution for deposit into the DSRA concurrently with the deposit into the DSRA of the Debt Rateable Share of the Minimum DSRA Requirement. Even if a LIL Event of Default or acceleration of the amounts owed by the Partnership under the LIL Project Finance Agreement has occurred, the Collateral Agent shall not release such DSRA Equity Contribution until such Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above;

2.9.6 subject to subsection 2.9.9, under no circumstance shall any Base Equity Contribution be used to fund anything other than the Equity Rateable Share of the Project Costs intended to be paid therewith.

2.9.7 subject to subsection 2.9.9, under no circumstance shall any Contingency Equity Contribution be used to fund anything other than the Equity Rateable Share of the Cost Overruns intended to be paid therewith;

2.9.8 under no circumstance shall any DSRA Equity Contribution be used to fund anything other than the Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date; and

2.9.9 to the extent that Debt Service is required to be funded by any Base Equity Contribution or Contingency Equity Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are then due and outstanding and that constitute Project Costs or Cost Overruns, as the case may be, and to the extent any scheduled instalments of principal of the Indebtedness of the Partnership under the LIL Project Finance Agreement are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

## 2.10 **Monies Advanced hereunder**

The Partnership and Nalcor LP expressly acknowledge and agree that all payments made by Nalcor LP to the Partnership by way of equity contributions in accordance with the provisions of Sections 2.3, 2.4 and 2.5 shall constitute an investment by Nalcor LP in the Partnership which shall only be evidenced by way of credits made to the applicable Capital Account of Nalcor LP by the GP.

## 2.11 **Nature of the Obligations**

The obligations of the Contributing Parties hereunder are absolute, present, continuing and irrevocable and shall be performed on a timely basis strictly in accordance with the provisions of this Agreement.

## 2.12 **No Reduction in Payment or Performance**

The payments required to be made under the terms hereof shall be made free and clear of any equities that may now or hereafter exist between any of the LIL Parties, NL Crown, the Collateral Agent, the GAA Finance Parties and any other Person and such payments and all of the other terms, conditions, covenants and agreements to be observed or performed by the

Contributing Parties hereunder shall be made, observed or performed by each of the Contributing Parties without any reduction whatsoever, including, without limitation, any reduction resulting from any defence, right of action, right of set-off or compensation, right of recoupment or counterclaim of any nature whatsoever that any one of them may have or have had at any time against any of the LIL Parties, NL Crown, the Collateral Agent, the GAA Finance Parties or any other Person whether with respect to this Agreement, the LIL Project Finance Documents or otherwise.

### 2.13 Contribution Amounts

The Partnership and the General Partner hereby expressly covenant and agree that any amount paid to the Collateral Agent for deposit or deposited directly, as the case may be, in the Partnership Project Funding Account or the DSRA, as the case may be, by NL Crown pursuant to the NL Crown Guarantee shall be deemed to be an investment by Nalcor LP in the Partnership and the applicable Capital Account of Nalcor LP shall be credited accordingly by the GP. Furthermore, all the parties hereto expressly acknowledge and agree that any amounts paid to the Collateral Agent for deposit or deposited directly, as the case may be, in the Partnership Project Funding Account or the DSRA, as the case may be, by NL Crown pursuant to the provisions of the NL Crown Guarantee shall be deemed to be Base Equity Contributions, Contingency Equity Contributions or the DSRA Equity Contribution, as the case may be.

## ARTICLE 3

### REPRESENTATIONS AND WARRANTIES

To induce the Intermediary Trust and the LIL Hedge Providers to make the lending facilities and hedging facilities available to the Partnership pursuant to the LIL Project Finance Documents, each of the Contributing Parties represents and warrants to and in favour of the Collateral Agent as follows:

#### 3.1 Authority and Enforceability

It has the legal capacity and power to enter into this Agreement. This Agreement constitutes a valid and legally binding obligation enforceable against it in accordance with its terms, subject to (i) bankruptcy, insolvency, winding-up, dissolution, administration, reorganization, arrangement, (ii) other statutes or judicial decisions affecting the enforcement of creditors' rights in general and (iii) to general principles of equity under which specific performance and injunctive relief may be refused by a court in its discretion.

#### 3.2 Due Authorization

It has taken all necessary action to authorize the execution and delivery of this Agreement, the creation and performance of its obligations hereunder and the consummation of the transactions contemplated herein. It has duly executed and delivered this Agreement.

3.3 **Non-Conflict**

None of the authorization, execution, delivery or performance of this Agreement by it, nor the consummation of any of the transactions contemplated in this Agreement:

3.3.1 requires any Authorization to be obtained or registration to be made (except such as have already been obtained or made and are now in full force and effect); or

3.3.2 conflicts with, contravenes or gives rise to any default under (i) any of its constating documents or by-laws or the laws governing its existence, (ii) the provisions of any indenture, instrument, agreement or undertaking to which it is a party or by which it or any of its assets are or may become bound or (iii) any Applicable Law.

**ARTICLE 4**

**GENERAL PROVISIONS**

4.1 **Notices**

Any demand, notice or other communication to be made or given hereunder shall be in writing and delivered personally or by courier or mailed by registered mail, postage prepaid and return receipt requested, or by electronic mail delivery to the applicable address set out below or to such other address as a party hereto may from time to time designate to the other parties set out below in such manner:

a) If to NL Crown:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>

Email: <[REDACTED]>

b) If to Nalcor:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>

Email: <[REDACTED]>



c) If to Nalcor LP:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>  
Email: <[REDACTED]>

d) If to GP:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>  
Email: <[REDACTED]>

e) If to the Partnership:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>  
Email: <[REDACTED]>

f) If to Canada:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>  
Email: <[REDACTED]>

(g) If to the Collateral Agent:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>  
Email: <[REDACTED]>

Notices given by personal delivery, by courier or mail shall be effective upon actual receipt. Notices given by electronic mail shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours.

#### 4.2 **Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon the LIL Parties and the Collateral Agent and their respective successors and assigns provided, however, that no assignment or transfer of any rights hereunder may be made by the LIL Parties without the prior written consent of the Collateral Agent.

#### 4.3 **Amendments and Waivers**

The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have and no failure or delay by the Collateral Agent in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended with the written consent of the LIL Parties and the Collateral Agent, acting in accordance with the Requisite Instructions, and such amendment shall be binding upon all of the parties hereto, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Collateral Agent, acting in accordance with the Requisite Instructions, and such waiver shall be binding upon all of the GAA Finance Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

#### 4.4 **Execution**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

#### 4.5 **Severability**

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that (a) the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and (b) the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby.

#### 4.6 **Entire Agreement**

With respect to the obligations of the Contributing Parties and the GP hereunder, this Agreement constitutes the entire agreement among the parties hereto.

**4.7 Expenses**

The Partnership agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Collateral Agent or the GAA Finance Parties in any effort to collect or enforce any of the obligations of the Contributing Parties or the GP hereunder.

**4.8 Acknowledgment**

4.8.1 Each of the Contributing Parties hereby acknowledges that it has received and taken cognizance of an original executed copy of this Agreement and the LIL Project Finance Documents in force on the date hereof and is familiar with all the provisions thereof.

4.8.2 Each of the LIL Parties acknowledges and consents to the recitals herein and to the Liens created pursuant to the FV Security Documents on all rights of the Funding Vehicle in the Collateral Mortgage Bonds.

**4.9 Term of Agreement**

The obligations of the Contributing Parties and the GP under the provisions of Article 2 shall terminate on the Termination Date.

[INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have signed this Agreement on the date and in the place first hereinabove mentioned.

**NALCOR ENERGY**

Per:



\_\_\_\_\_

**LABRADOR-ISLAND LINK HOLDING  
CORPORATION**

Per:

\_\_\_\_\_



**LABRADOR-ISLAND LINK GENERAL  
PARTNER CORPORATION,  
for and on behalf of  
LABRADOR-ISLAND LINK LIMITED  
PARTNERSHIP**

Per: \_\_\_\_\_  
◀▶

**LABRADOR-ISLAND LINK GENERAL  
PARTNER CORPORATION**

Per:

\_\_\_\_\_



EQUITY CONTRIBUTION AGREEMENT – PAGE 5

,  
**as Collateral Agent**

Per: \_\_\_\_\_

and Per: \_\_\_\_\_



DRAFT

EQUITY CONTRIBUTION AGREEMENT dated October 31, 2013

**NALCOR ENERGY**

and

**LABRADOR TRANSMISSION CORPORATION**

and

<@>

**[Collateral Agent]**

**LTA EQUITY SUPPORT AGREEMENT**

**DATED AS OF <@>, 2013**

**LTA EQUITY SUPPORT AGREEMENT** entered into at St. John's, Province of Newfoundland and Labrador, dated as of <█>, 2013.

**AMONG:** NALCOR ENERGY;

**AND:** LABRADOR TRANSMISSION CORPORATION;

**AND:** [<█>Collateral Agent<█>];

**[NOTE TO DRAFT: The recitals will need to reflect the financing that is put in place on the initial financial closing. Accordingly, certain defined terms will need to be adapted to reflect the final Consolidated Transaction Documents as certain assumptions have been made regarding the words and expressions that will be defined therein.]**

**[NOTE TO DRAFT: Once a description of the Muskrat/LTA Project Finance Documents can be produced, it will be included in these recitals.]**

**WHEREAS** Canada has issued the Federal Loan Guarantee to assist in the financing provided by the Funding Vehicle to Muskrat and Labrador Transco to finance the Project Costs, in part;

**WHEREAS** in consideration of the issuance of the Federal Loan Guarantee and as security for its repayment indemnity and other obligations it has undertaken towards Canada, the Funding Vehicle has executed the FV Security Documents creating Liens on all its Assets including its rights in the [<█>Collateral Mortgage Bonds<█>] issued by the Credit Parties in favour of the Collateral Agent, for the benefit of Canada;

**WHEREAS** the LTA Parties acknowledge and agree that pursuant to the terms of the Collateral Agency Agreement, the Collateral Agent must act in accordance with the Requisite Instructions and in the event of any conflict in the Requisite Instructions received, the Collateral Agent is required to act in accordance with the instructions of Canada;

**WHEREAS** it is a condition precedent to the financing to be made available to the Credit Parties under the Muskrat/LTA Project Finance Documents that the LTA Parties execute this Agreement in favour of the Collateral Agent, for and on behalf of the GAA Finance Parties;

**WHEREAS** Nalcor has agreed to make LTA Base Equity Contributions under the LTA Base Equity Commitment in order to finance the LTA Equity Rateable Share of the LTA Project Costs;

**WHEREAS** [<█>Cdn\$<█>] of LTA Base Equity Contributions has been made by Nalcor as of the date hereof, all of which has been used to finance LTA Project Costs incurred to date;

**WHEREAS** Nalcor has also agreed to make LTA Contingency Equity Contributions under the LTA Contingency Equity Commitment, as required, in order to finance the LTA Equity Rateable Share of any applicable Cost Variances; **[NOTE TO DRAFT: Soon before Financial Close, we should determine whether any Cost Variances have been incurred and funded so as to allow us to identify the amount.]**

**WHEREAS** Nalcor has also agreed to make the LTA DSRA Equity Contribution under the LTA DSRA Equity Commitment, as required, in order to finance Labrador Transco's Project Rateable Share of the LTA Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

**WHEREAS** Nalcor has also agreed to make the LTA LRA Equity Contribution under the LTA LRA Equity Commitment, as required, in order to finance 15% of the Minimum LRA Requirement as at the Commissioning Date;

**WHEREAS** the financing and hedging facilities under the Muskrat/LTA Project Finance Documents are being made available to Labrador Transco in reliance upon the covenants and agreements of the LTA Parties set forth herein;

**WHEREAS** it is in the best interests of the LTA Parties to provide the covenants set forth in this Agreement to the Collateral Agent, the whole upon the terms and subject to the conditions of this Agreement;

**WHEREAS** NL Crown shall execute concurrently herewith the LTAESG in favour of the Collateral Agent for the payment obligations of Nalcor hereunder;

**WHEREAS** Nalcor is authorized to execute this Agreement and perform its obligations hereunder pursuant to <■>; **[NOTE TO DRAFT: Refer to relevant legislation or authorization documents.]**

**NOW, THEREFORE**, in consideration of the premises and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto have agreed as follows:

## ARTICLE 5

### INTERPRETATION

#### 5.1 Definitions

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in the master definitions agreement dated <■>, 2013 entered into among, *inter alia*, the Collateral Agent, the Lead Arranger, Canada, the Funding Vehicle and the LTA Parties (the "**Master Definitions Agreement**"). The rules of interpretation set forth in Article 1 of the Master Definitions Agreement apply to this LTA Equity Support Agreement as if at length recited herein.

## 5.2 Recitals

The recitals of this Agreement shall form an integral part hereof as if at length recited herein.

## 5.3 Headings

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "LTA Equity Support Agreement", "this LTA Equity Support Agreement", "this Agreement", "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

## 5.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of NL and the federal Laws of Canada applicable therein and all actions, suits and Proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

## 5.5 Time

Time shall be of the essence of this Agreement.

# ARTICLE 6

## LTA EQUITY CONTRIBUTIONS

### 6.1 Available LTA Base Equity Commitment

LTA Base Equity Contributions shall not exceed, at any time, the Available LTA Base Equity Commitment at such time. It is hereby acknowledged and agreed that, as of the date hereof, the Available LTA Base Equity Commitment is \$<■>.

### 6.2 Debtor Covenant

Labrador Transco represents and warrants that pursuant to the LTA NEFA, it may issue to Nalcor a notice of requirement to pay (each a "LTA Cash Call Notice") on a monthly basis or whenever it determines it appropriate to do so. In furtherance of that power, Labrador Transco covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that it shall issue a LTA Cash Call Notice to Nalcor:

6.2.1 each time that a LTA Base Equity Contribution is required to be made at such time;

6.2.2 each time that a LTA Contingency Equity Contribution is required to be made at such time;

6.2.3 prior to Commissioning, if a LTA DSRA Equity Contribution is required to be made at such time; and

6.2.4 prior to Commissioning, if a LTA LRA Equity Contribution is required to be made at such time;

in each case, in accordance with the provisions of the Muskrat/LTA Project Finance Documents. Labrador Transco shall send each LTA Cash Call Notice concurrently to Nalcor, NL Crown, the Collateral Agent and Canada.

### 6.3 LTA Base Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of any LTA Cash Call Notice with respect to a LTA Base Equity Contribution (the "**Required LTA Base Equity Contribution Date**"), it shall pay to Labrador Transco, by way of an equity contribution in Labrador Transco, an amount not exceeding the lesser of (i) the then Available LTA Base Equity Commitment as specified by Labrador Transco in the LTA Cash Call Notice, and (ii) the amount specified in such LTA Cash Call Notice (each, a "**Nalcor LTA Base Equity Contribution**"), by depositing such amount in the Labrador Transco Project Funding Account.

### 6.4 LTA Contingency Equity Contribution Covenants

Subject expressly to the provisions of Section 2.7, Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of any LTA Cash Call Notice with respect to Cost Variances (the "**Required LTA Contingency Equity Contribution Date**"), it shall pay to Labrador Transco, by way of an equity contribution in Labrador Transco, the amount specified in such LTA Cash Call Notice (each, a "**Nalcor LTA Contingency Equity Contribution**"), by depositing such amount in the Labrador Transco Project Funding Account.

### 6.5 LTA DSRA Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of the LTA Cash Call Notice with respect to the LTA DSRA Equity Contribution (the "**Required LTA DSRA Equity Contribution Date**"), it shall pay to Labrador Transco, by way of an equity contribution in Labrador Transco, the amount specified in such LTA Cash Call Notice (the "**Nalcor LTA DSRA Equity Contribution**"), by depositing such amount in the Labrador Transco Project Funding Account for release and deposit into the DSRA as contemplated pursuant to subsection 6.9.6.

#### 6.6 LTA LRA Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of the LTA Cash Call Notice with respect to the LTA LRA Equity Contribution (the "**Required LTA LRA Equity Contribution Date**"), it shall pay to Labrador Transco, by way of an equity contribution in Labrador Transco, the amount specified in such LTA Cash Call Notice (the "**Nalcor LTA LRA Equity Contribution**"), by depositing such amount in the LRA.

#### 6.7 Proviso to LTA Contingency Equity Contribution Covenants

Notwithstanding the provisions of Section 2.4, provided Labrador Transco is permitted to incur Additional Debt under the provisions and on satisfaction of the conditions of the Muskrat/LTA Project Finance Documents, where on any Required LTA Contingency Equity Contribution Date any portion of the Nalcor LTA Contingency Equity Contribution required to be paid on such date has been paid by way of a deposit to the Labrador Transco Project Funding Account from the proceeds of such Additional Debt (an "**LTA Additional Debt Concurrent Contribution**"), then the obligations of Nalcor to make such payments on such Required LTA Contingency Equity Contribution Date shall be satisfied to the extent of the amount of the LTA Additional Debt Concurrent Contribution so made and such LTA Additional Debt Concurrent Contribution shall constitute for all purposes hereof a LTA Contingency Equity Contribution.

#### 6.8 Fulfilment of Obligations

Notwithstanding any other provision hereof, it is hereby agreed that the obligations of Nalcor under any one of Sections 2.3, 2.4, 2.5 and 6.6 shall not be satisfied until an amount equal to the Nalcor LTA Contribution relating to the relevant LTA Cash Call Notice referred to under any such sections is deposited in the Labrador Transco Project Funding Account, the DSRA or the LRA, as the case may be.

#### 6.9 Conditions to Equity Contributions

The Collateral Agent acknowledges, covenants and agrees that:

6.9.1 each LTA Base Equity Contribution shall be deposited forthwith in the Labrador Transco Project Funding Account and shall be used exclusively to pay the LTA Equity Rateable Share of the LTA Project Costs to be paid therewith;

6.9.2 each LTA Contingency Equity Contribution shall be deposited forthwith in the Labrador Transco Project Funding Account and shall be used exclusively to pay the LTA Equity Rateable Share of the Cost Variances to be paid therewith;

6.9.3 the LTA DSRA Equity Contribution shall be deposited forthwith in the DSRA and shall be used exclusively to fund Labrador Transco's Project Rateable Share of the LTA Equity Rateable Share of the Minimum DSRA Requirement to be funded therewith as at the Commissioning Date;

6.9.4 the LTA LRA Equity Contribution shall be deposited forthwith in the LRA and shall be used exclusively to fund 15% of the Minimum LRA Requirement to be funded therewith as at the Commissioning Date;

6.9.5 the Collateral Agent shall only release any LTA Base Equity Contribution from the Labrador Transco Project Funding Account concurrently with the release from the Labrador Transco Project Funding Account of the LTA Debt Rateable Share of the LTA Project Costs to which such LTA Base Equity Contribution relates. Even if an Event of Default or acceleration of the amounts owed by Labrador Transco under the Muskrat/LTA Project Finance Agreement has occurred, the Collateral Agent shall not release any such LTA Base Equity Contribution from the Labrador Transco Project Funding Account until such LTA Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above;

6.9.6 the Collateral Agent shall only release any LTA DSRA Equity Contribution for deposit into the DSRA concurrently with the deposit of Labrador Transco's Project Rateable Share of the LTA Debt Rateable Share of the Minimum DSRA Requirement into the DSRA. Even if an Event of Default or acceleration of the amounts owed by Labrador Transco under the Muskrat/LTA Project Finance Agreement has occurred, the Collateral Agent shall not release such LTA DSRA Equity Contribution until such LTA Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above;

6.9.7 subject to subsection 2.9.9, under no circumstance shall any LTA Base Equity Contribution be used to fund anything other than the LTA Equity Rateable Share of the LTA Project Costs intended to be paid therewith.

6.9.8 subject to subsection 2.9.9, under no circumstance shall any LTA Contingency Equity Contribution be used to fund anything other than the LTA Equity Rateable Share of the Cost Variances intended to be paid therewith;

6.9.9 under no circumstance shall any LTA DSRA Equity Contribution be used to fund anything other than the Labrador Transco's Project Rateable Share of LTA Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

6.9.10 under no circumstance shall any LTA LRA Equity Contribution be used to fund anything other than 15% of the Minimum LRA Requirement as at the Commissioning Date; and

6.9.11 to the extent that Debt Service is required to be funded by any LTA Base Equity Contribution or LTA Contingency Equity Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are then due and outstanding and that constitute LTA Project Costs or Cost Variances, as the case may be, and to the extent any scheduled instalments of principal of the Indebtedness of Labrador Transco under the Muskrat/LTA Project Finance Agreement are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

**6.10 Monies Advanced hereunder**

Labrador Transco expressly acknowledges and agrees that all payments made by Nalcor to it by way of equity contributions in accordance with the provisions of Sections 2.3, 2.4, 2.5 and 6.6 shall constitute an investment by Nalcor in Labrador Transco which shall only be evidenced by way of credits made to the applicable Capital Account of Nalcor by Labrador Transco.

**6.11 Nature of the Obligations**

The obligations of Nalcor hereunder are absolute, present, continuing and irrevocable and shall be performed on a timely basis strictly in accordance with the provisions of this Agreement.

**6.12 No Reduction in Payment or Performance**

The payments required to be made under the terms hereof shall be made free and clear of any equities that may now or hereafter exist between any of the LTA Parties, NL Crown, the Collateral Agent, the GAA Finance Parties and any other Person and such payments and all of the other terms, conditions, covenants and agreements to be observed or performed by Nalcor hereunder shall be made, observed or performed by Nalcor without any reduction whatsoever, including, without limitation, any reduction resulting from any defence, right of action, right of set-off or compensation, right of recoupment or counterclaim of any nature whatsoever that any one of them may have or have had at any time against any of the LTA Parties, NL Crown, the Collateral Agent, the GAA Finance Parties or any other Person whether with respect to this Agreement, the Muskrat/LTA Project Finance Documents or otherwise.

**6.13 Contribution Amounts**

Labrador Transco hereby expressly covenants and agrees that any amount paid to the Collateral Agent for deposit or deposited directly, as the case may be, in the Labrador Transco Project Funding Account, the DSRA or the LRA, as the case may be, by NL Crown pursuant to the LTAESG shall be deemed to be an investment by Nalcor in Labrador Transco and the applicable Capital Account of Nalcor shall be credited accordingly by Labrador Transco. Furthermore, all the parties hereto expressly acknowledge and agree that any amounts paid to the Collateral Agent for deposit or deposited directly, as the case may be, in the Labrador Transco Project Funding Account, the DSRA or the LRA, as the case may be, by NL Crown pursuant to the provisions of the LTAESG shall be deemed to be LTA Base Equity Contributions, LTA Contingency Equity Contributions, the LTA DSRA Equity Contribution or the LTA LRA Equity Contribution, as the case may be.

**ARTICLE 7****REPRESENTATIONS AND WARRANTIES**

To induce the Funding Vehicle to make the lending facilities available to Labrador Transco pursuant to the Muskrat/LTA Project Finance Documents, Nalcor represents and warrants to and in favour of the Collateral Trustee as follows:



7.1 **Authority and Enforceability**

It has the legal capacity and power to enter into this Agreement. This Agreement constitutes a valid and legally binding obligation enforceable against it in accordance with its terms, subject to (i) bankruptcy, insolvency, winding-up, dissolution, administration, reorganization, arrangement, (ii) other statutes or judicial decisions affecting the enforcement of creditors' rights in general and (iii) to general principles of equity under which specific performance and injunctive relief may be refused by a court in its discretion.

7.2 **Due Authorization**

It has taken all necessary action to authorize the execution and delivery of this Agreement, the creation and performance of its obligations hereunder and the consummation of the transactions contemplated herein. It has duly executed and delivered this Agreement.

7.3 **Non-Conflict**

None of the authorization, execution, delivery or performance of this Agreement by it, nor the consummation of any of the transactions contemplated in this Agreement:

7.3.1 requires any Authorization to be obtained or registration to be made (except such as have already been obtained or made and are now in full force and effect); or

7.3.2 conflicts with, contravenes or gives rise to any default under (i) any of its constating documents or by-laws or the laws governing its existence, (ii) the provisions of any indenture, instrument, agreement or undertaking to which it is a party or by which it or any of its assets are or may become bound or (iii) any Applicable Law.

**ARTICLE 8**

**GENERAL PROVISIONS**

8.1 **Notices**

Any demand, notice or other communication to be made or given hereunder shall be in writing and delivered personally or by courier or mailed by registered mail, postage prepaid and return receipt requested, or by electronic mail delivery to the applicable address set out below or to such other address as a party hereto may from time to time designate to the other parties set out below in such manner:

a) If to NL Crown:

<■>

Attention: <■>

Facsimile: <■>

Email: <■>

b) If to Nalcor:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>

Email: <[REDACTED]>

c) If to Labrador Transco :

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>

Email: <[REDACTED]>

d) If to Canada:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>

Email: <[REDACTED]>

(e) If to the Collateral Agent:

<[REDACTED]>

Attention: <[REDACTED]>

Facsimile: <[REDACTED]>

Email: <[REDACTED]>

Notices given by personal delivery, by courier or mail shall be effective upon actual receipt. Notices given by electronic mail shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours.

**8.2 Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon the LTA Parties and the Collateral Agent and their respective successors and assigns provided, however, that no assignment or transfer of any rights hereunder may be made by the LTA Parties without the prior written consent of the Collateral Agent.

### 8.3 Amendments and Waivers

The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have and no failure or delay by the Collateral Agent in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended with the written consent of the LTA Parties and the Collateral Agent, acting in accordance with the Requisite Instructions, and such amendment shall be binding upon all of the parties hereto, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Collateral Agent, acting in accordance with the Requisite Instructions, and such waiver shall be binding upon all of the GAA Finance Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

### 8.4 Execution

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

### 8.5 Severability

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that (a) the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and (b) the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby.

### 8.6 Entire Agreement

With respect to the obligations of Nalcor and Labrador Transco hereunder, this Agreement constitutes the entire agreement among the parties hereto.

### 8.7 Expenses

Labrador Transco agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Collateral Agent or the GAA Finance Parties in any effort to collect or enforce any of the obligations of Nalcor or Labrador Transco hereunder.

### 8.8 Acknowledgment

8.8.1 Nalcor hereby acknowledges that it has received and taken cognizance of an original executed copy of this Agreement and the Muskrat/LTA Project Finance Documents in force on the date hereof and is familiar with all the provisions thereof.

8.8.2 Each of the LTA Parties acknowledges and consents to the recitals herein and to the Liens created pursuant to the FV Security Documents on all rights of the Funding Vehicle in the Collateral Mortgage Bonds and the assignment of such Bonds to Canada as the sole Bondholder and that the rights as Bondholder will be held for Canada in such capacity such that Canada may direct the Collateral Agent.

8.9 **Term of Agreement**

The obligations of Nalcor and Labrador Transco under the provisions of Article 2 shall terminate on the Termination Date.

[INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have signed this Agreement on the date and in the place first hereinabove mentioned.

**NALCOR ENERGY**

Per: \_\_\_\_\_



**LABRADOR TRANSMISSION  
CORPORATION**

Per: \_\_\_\_\_



EQUITY CONTRIBUTION AGREEMENT – PAGE 3

,  
as Collateral Agent

Per: \_\_\_\_\_

and Per: \_\_\_\_\_

**NALCOR ENERGY**

and

**MUSKRAT FALLS CORPORATION**

and



**[Collateral Agent]**

**MF EQUITY SUPPORT AGREEMENT**

**DATED AS OF , 2013**



**MF EQUITY SUPPORT AGREEMENT** entered into at St. John's, Province of Newfoundland and Labrador, dated as of <[REDACTED]>, 2013.

**AMONG:** NALCOR ENERGY;

**AND:** MUSKRAT FALLS CORPORATION;

**AND:** [<[REDACTED]>Collateral Agent<[REDACTED]>];

[NOTE TO DRAFT: The recitals will need to reflect the financing that is put in place on the initial financial closing. Accordingly, certain defined terms will need to be adapted to reflect the final Consolidated Transaction Documents as certain assumptions have been made regarding the words and expressions that will be defined therein.]

[NOTE TO DRAFT: Once a description of the Muskrat/LTA Project Finance Documents can be produced, it will be included in these recitals.]

**WHEREAS** Canada has issued the Federal Loan Guarantee to assist in the financing provided by the Funding Vehicle to Muskrat and Labrador Transco to finance the Project Costs, in part;

**WHEREAS** in consideration of the issuance of the Federal Loan Guarantee and as security for its repayment indemnity and other obligations it has undertaken towards Canada, the Funding Vehicle has executed the FV Security Documents creating Liens on all its Assets including its rights in the [<[REDACTED]>Collateral Mortgage Bonds<[REDACTED]>] issued by the Credit Parties in favour of the Collateral Agent, for the benefit of Canada;

**WHEREAS** the MF Parties acknowledge and agree that pursuant to the terms of the Collateral Agency Agreement, the Collateral Agent must act in accordance with the Requisite Instructions and in the event of any conflict in the Requisite Instructions received, the Collateral Agent is required to act in accordance with the instructions of Canada;

**WHEREAS** it is a condition precedent to the financing to be made available to the Credit Parties under the Muskrat/LTA Project Finance Documents that the MF Parties execute this Agreement in favour of the Collateral Agent, for and on behalf of the GAA Finance Parties;

**WHEREAS** Nalcor has agreed to make MF Base Equity Contributions under the MF Base Equity Commitment in order to finance the MF Equity Rateable Share of the MF Project Costs;

**WHEREAS** [<[REDACTED]>Cdn\$<[REDACTED]>] of MF Base Equity Contributions has been made by Nalcor as of the date hereof, all of which has been used to finance MF Project Costs incurred to date;

**WHEREAS** Nalcor has also agreed to make MF Contingency Equity Contributions under the MF Contingency Equity Commitment, as required, in order to finance the MF Equity Rateable

Share of any applicable Cost Variances; **[NOTE TO DRAFT: Soon before Financial Close, we should determine whether any Cost Variances have been incurred and funded so as to allow us to identify the amount.]**

**WHEREAS** Nalcor has also agreed to make the MF DSRA Equity Contribution under the MF DSRA Equity Commitment, as required, in order to finance Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

**WHEREAS** Nalcor has also agreed to make the MF LRA Equity Contribution under the MF LRA Equity Commitment, as required, in order to finance 85% of the Minimum LRA Requirement as at the Commissioning Date;

**WHEREAS** the financing and hedging facilities under the Muskrat/LTA Project Finance Documents are being made available to Muskrat in reliance upon the covenants and agreements of the MF Parties set forth herein;

**WHEREAS** it is in the best interests of the MF Parties to provide the covenants set forth in this Agreement to the Collateral Agent, the whole upon the terms and subject to the conditions of this Agreement;

**WHEREAS** NL Crown shall execute concurrently herewith the MFESG in favour of the Collateral Agent for the payment obligations of Nalcor hereunder;

**WHEREAS** Nalcor is authorized to execute this Agreement and perform its obligations hereunder pursuant to <■>; **[NOTE TO DRAFT: Refer to relevant legislation or authorization documents.]**

**NOW, THEREFORE**, in consideration of the premises and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto have agreed as follows:

## ARTICLE 9

### INTERPRETATION

#### 9.1 Definitions

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in the master definitions agreement dated <■>, 2013 entered into among, *inter alia*, the Collateral Agent, the Lead Arranger, Canada, the Funding Vehicle and the MF Parties (the "**Master Definitions Agreement**"). The rules of interpretation set forth in Article 1 of the Master Definitions Agreement apply to this MF Equity Support Agreement as if at length recited herein.

#### 9.2 Recitals

The recitals of this Agreement shall form an integral part hereof as if at length recited herein.

### 9.3 Headings

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "MF Equity Support Agreement", "this MF Equity Support Agreement", "this Agreement", "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

### 9.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of NL and the federal Laws of Canada applicable therein and all actions, suits and Proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

### 9.5 Time

Time shall be of the essence of this Agreement.

## ARTICLE 10

### MF EQUITY CONTRIBUTIONS

#### 10.1 Available MF Base Equity Commitment

MF Base Equity Contributions shall not exceed, at any time, the Available MF Base Equity Commitment at such time. It is hereby acknowledged and agreed that, as of the date hereof, the Available MF Base Equity Commitment is \$<img alt="redacted" data-bbox="475 608 495 625"/>.

#### 10.2 Muskrat Covenant

Muskrat represents and warrants that pursuant to the MF NEFA, it may issue to Nalcor a notice of requirement to pay (each a "MF Cash Call Notice") on a monthly basis or whenever it determines it appropriate to do so. In furtherance of that power, Muskrat covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that it shall issue a MF Cash Call Notice to Nalcor:

10.2.1 each time that a MF Base Equity Contribution is required to be made at such time;

10.2.2 each time that a MF Contingency Equity Contribution is required to be made at such time;

10.2.3 prior to Commissioning, if a MF DSRA Equity Contribution is required to be made at such time; and

10.2.4 prior to Commissioning, if a MF LRA Equity Contribution is required to be made at such time;

in each case, in accordance with the provisions of the Muskrat/LTA Project Finance Documents. Muskrat shall send each MF Cash Call Notice concurrently to Nalcor, NL Crown, the Collateral Agent and Canada.

### 10.3 MF Base Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of any MF Cash Call Notice with respect to a MF Base Equity Contribution (the "**Required MF Base Equity Contribution Date**"), it shall pay to Muskrat, by way of an equity contribution in Muskrat, an amount not exceeding the lesser of (i) the then Available MF Base Equity Commitment as specified by Muskrat in the MF Cash Call Notice, and (ii) the amount specified in such MF Cash Call Notice (each, a "**Nalcor MF Base Equity Contribution**"), by depositing such amount in the Muskrat Project Funding Account.

### 10.4 MF Contingency Equity Contribution Covenants

Subject expressly to the provisions of Section 2.7, Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of any MF Cash Call Notice with respect to Cost Variances (the "**Required MF Contingency Equity Contribution Date**"), it shall pay to Muskrat, by way of an equity contribution in Muskrat, the amount specified in such MF Cash Call Notice (each, a "**Nalcor MF Contingency Equity Contribution**"), by depositing such amount in the Muskrat Project Funding Account.

### 10.5 MF DSRA Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of the MF Cash Call Notice with respect to the MF DSRA Equity Contribution (the "**Required MF DSRA Equity Contribution Date**"), it shall pay to Muskrat, by way of an equity contribution in Muskrat, the amount specified in such MF Cash Call Notice (the "**Nalcor MF DSRA Equity Contribution**"), by depositing such amount in the Muskrat Project Funding Account for release and deposit into the DSRA as contemplated pursuant to subsection 6.9.6.

### 10.6 MF LRA Equity Contribution Covenants

Nalcor hereby covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 P.M. on the fifth Business Day following the receipt of the MF Cash Call Notice with respect to the MF LRA Equity Contribution (the "**Required MF LRA Equity Contribution Date**"), it shall pay to Muskrat, by way of an equity contribution in Muskrat, the amount specified in such MF Cash Call Notice (the "**Nalcor MF LRA Equity Contribution**"), by depositing such amount in the LRA.

#### 10.7 Proviso to MF Contingency Equity Contribution Covenants

Notwithstanding the provisions of Section 2.4, provided Muskrat is permitted to incur Additional Debt under the provisions and on satisfaction of the conditions of the Muskrat/LTA Project Finance Documents, where on any Required MF Contingency Equity Contribution Date any portion of the Nalcor MF Contingency Equity Contribution required to be paid on such date has been paid by way of a deposit to the Muskrat Project Funding Account from the proceeds of such Additional Debt (an "MF Additional Debt Concurrent Contribution"), then the obligations of Nalcor to make such payments on such Required MF Contingency Equity Contribution Date shall be satisfied to the extent of the amount of the MF Additional Debt Concurrent Contribution so made and such MF Additional Debt Concurrent Contribution shall constitute for all purposes hereof a MF Contingency Equity Contribution.

#### 10.8 Fulfilment of Obligations

Notwithstanding any other provision hereof, it is hereby agreed that the obligations of Nalcor under any one of Sections 2.3, 2.4, 2.5 and 6.6 shall not be satisfied until an amount equal to the Nalcor MF Contribution relating to the relevant MF Cash Call Notice referred to under any such sections is deposited in the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be.

#### 10.9 Conditions to Equity Contributions

The Collateral Agent acknowledges, covenants and agrees that:

10.9.1 each MF Base Equity Contribution shall be deposited forthwith in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs to be paid therewith;

10.9.2 each MF Contingency Equity Contribution shall be deposited forthwith in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the Cost Variances to be paid therewith;

10.9.3 the MF DSRA Equity Contribution shall be deposited forthwith in the DSRA and shall be used exclusively to fund Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement to be funded therewith as at the Commissioning Date;

10.9.4 the MF LRA Equity Contribution shall be deposited forthwith in the LRA and shall be used exclusively to fund 85% of the Minimum LRA Requirement to be funded therewith as at the Commissioning Date;

10.9.5 the Collateral Agent shall only release any MF Base Equity Contribution from the Muskrat Project Funding Account concurrently with the release from the Muskrat Project Funding Account of the MF Debt Rateable Share of the MF Project Costs to which such MF Base Equity Contribution relates. Even if an Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Agreement has occurred, the Collateral Agent shall not release any such MF Base Equity Contribution from the Muskrat

Project Funding Account until such MF Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above;

10.9.6 the Collateral Agent shall only release any MF DSRA Equity Contribution for deposit into the DSRA concurrently with the deposit of Muskrat's Project Rateable Share of the MF Debt Rateable Share of the Minimum DSRA Requirement into the DSRA. Even if an Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Agreement has occurred, the Collateral Agent shall not release such MF DSRA Equity Contribution until such MF Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above;

10.9.7 subject to subsection 2.9.9, under no circumstance shall any MF Base Equity Contribution be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith.

10.9.8 subject to subsection 2.9.9, under no circumstance shall any MF Contingency Equity Contribution be used to fund anything other than the MF Equity Rateable Share of the Cost Variances intended to be paid therewith;

10.9.9 under no circumstance shall any MF DSRA Equity Contribution be used to fund anything other than the Muskrat's Project Rateable Share of MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

10.9.10 under no circumstance shall any MF LRA Equity Contribution be used to fund anything other than 85% of the Minimum LRA Requirement as at the Commissioning Date; and

10.9.11 to the extent that Debt Service is required to be funded by any MF Base Equity Contribution or MF Contingency Equity Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are then due and outstanding and that constitute MF Project Costs or Cost Variances, as the case may be, and to the extent any scheduled instalments of principal of the Indebtedness of Muskrat under the Muskrat/LTA Project Finance Agreement are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

#### 10.10 **Monies Advanced hereunder**

Muskrat expressly acknowledges and agrees that all payments made by Nalcor to it by way of equity contributions in accordance with the provisions of Sections 2.3, 2.4, 2.5 and 6.6 shall constitute an investment by Nalcor in Muskrat which shall only be evidenced by way of credits made to the applicable Capital Account of Nalcor by Muskrat.

#### 10.11 **Nature of the Obligations**

The obligations of Nalcor hereunder are absolute, present, continuing and irrevocable and shall be performed on a timely basis strictly in accordance with the provisions of this Agreement.

**10.12 No Reduction in Payment or Performance**

The payments required to be made under the terms hereof shall be made free and clear of any equities that may now or hereafter exist between any of the MF Parties, NL Crown, the Collateral Agent, the GAA Finance Parties and any other Person and such payments and all of the other terms, conditions, covenants and agreements to be observed or performed by Nalcor hereunder shall be made, observed or performed by Nalcor without any reduction whatsoever, including, without limitation, any reduction resulting from any defence, right of action, right of set-off or compensation, right of recoupment or counterclaim of any nature whatsoever that any one of them may have or have had at any time against any of the MF Parties, NL Crown, the Collateral Agent, the GAA Finance Parties or any other Person whether with respect to this Agreement, the Muskrat/LTA Project Finance Documents or otherwise.

**10.13 Contribution Amounts**

Muskrat hereby expressly covenants and agrees that any amount paid to the Collateral Agent for deposit or deposited directly, as the case may be, in the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be, by NL Crown pursuant to the MFESG shall be deemed to be an investment by Nalcor in Muskrat and the applicable Capital Account of Nalcor shall be credited accordingly by Muskrat. Furthermore, all the parties hereto expressly acknowledge and agree that any amounts paid to the Collateral Agent for deposit or deposited directly, as the case may be, in the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be, by NL Crown pursuant to the provisions of the MFESG shall be deemed to be MF Base Equity Contributions, MF Contingency Equity Contributions, the MF DSRA Equity Contribution or the MF LRA Equity Contribution, as the case may be.

**ARTICLE 11****REPRESENTATIONS AND WARRANTIES**

To induce the Funding Vehicle to make the lending facilities available to Muskrat pursuant to the Muskrat/LTA Project Finance Documents, Nalcor represents and warrants to and in favour of the Collateral Agent as follows:

**11.1 Authority and Enforceability**

It has the legal capacity and power to enter into this Agreement. This Agreement constitutes a valid and legally binding obligation enforceable against it in accordance with its terms, subject to (i) bankruptcy, insolvency, winding-up, dissolution, administration, reorganization, arrangement, (ii) other statutes or judicial decisions affecting the enforcement of creditors' rights in general and (iii) to general principles of equity under which specific performance and injunctive relief may be refused by a court in its discretion.

11.2 **Due Authorization**

It has taken all necessary action to authorize the execution and delivery of this Agreement, the creation and performance of its obligations hereunder and the consummation of the transactions contemplated herein. It has duly executed and delivered this Agreement.

11.3 **Non-Conflict**

None of the authorization, execution, delivery or performance of this Agreement by it, nor the consummation of any of the transactions contemplated in this Agreement:

11.3.1 requires any Authorization to be obtained or registration to be made (except such as have already been obtained or made and are now in full force and effect); or

11.3.2 conflicts with, contravenes or gives rise to any default under (i) any of its constating documents or by-laws or the laws governing its existence, (ii) the provisions of any indenture, instrument, agreement or undertaking to which it is a party or by which it or any of its assets are or may become bound or (iii) any Applicable Law.

**ARTICLE 12**

**GENERAL PROVISIONS**

12.1 **Notices**

Any demand, notice or other communication to be made or given hereunder shall be in writing and delivered personally or by courier or mailed by registered mail, postage prepaid and return receipt requested, or by electronic mail delivery to the applicable address set out below or to such other address as a party hereto may from time to time designate to the other parties set out below in such manner:

a) If to NL Crown:

<img alt="redacted" data-bbox="237 647 278 666">

Attention: <img alt="redacted" data-bbox="325 679 356 696">

Facsimile: <img alt="redacted" data-bbox="335 711 373 728">

Email: <img alt="redacted" data-bbox="335 728 373 745">

b) If to Nalcor:

<img alt="redacted" data-bbox="237 789 278 808">

Attention: <img alt="redacted" data-bbox="325 820 356 838">

Facsimile: <img alt="redacted" data-bbox="335 852 373 869">

Email: <img alt="redacted" data-bbox="335 869 373 886">



c) If to Muskrat :

<█>

Attention:<█>

Facsimile: <█>

Email: <█>

d) If to Canada:

<█>

Attention:<█>

Facsimile: <█>

Email: <█>

(e) If to the Collateral Agent:

<█>

Attention:<█>

Facsimile: <█>

Email: <█>

Notices given by personal delivery, by courier or mail shall be effective upon actual receipt. Notices given by electronic mail shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours.

**12.2 Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon the MF Parties and the Collateral Agent and their respective successors and assigns provided, however, that no assignment or transfer of any rights hereunder may be made by the MF Parties without the prior written consent of the Collateral Agent.

**12.3 Amendments and Waivers**

The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have and no failure or delay by the Collateral Agent in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended with the written consent of the MF Parties and the Collateral Agent, acting in accordance with the Requisite Instructions, and such amendment shall be binding upon all of the parties hereto, or compliance therewith may be waived (either generally or in a

particular instance and either retroactively or prospectively) by the Collateral Agent, acting in accordance with the Requisite Instructions, and such waiver shall be binding upon all of the GAA Finance Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

#### 12.4 **Execution**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

#### 12.5 **Severability**

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that **(a)** the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and **(b)** the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby.

#### 12.6 **Entire Agreement**

With respect to the obligations of Nalcor and Muskrat hereunder, this Agreement constitutes the entire agreement among the parties hereto.

#### 12.7 **Expenses**

Muskat agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Collateral Agent or the GAA Finance Parties in any effort to collect or enforce any of the obligations of Nalcor or Muskrat hereunder.

#### 12.8 **Acknowledgment**

12.8.1 Nalcor hereby acknowledges that it has received and taken cognizance of an original executed copy of this Agreement and the Muskrat/LTA Project Finance Documents in force on the date hereof and is familiar with all the provisions thereof.

12.8.2 Each of the MF Parties acknowledges and consents to the recitals herein and to the Liens created pursuant to the FV Security Documents on all rights of the Funding Vehicle in the Collateral Mortgage Bonds.

12.9 **Term of Agreement**

The obligations of Nalcor and Muskrat under the provisions of Article 2 shall terminate on the Termination Date.

**[INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF**, the parties hereto have signed this Agreement on the date and in the place first hereinabove mentioned.

**NALCOR ENERGY**

Per:



\_\_\_\_\_

- 13 -

**MUSKRAT FALLS CORPORATION**

Per:



- 14 -

,  
as Collateral Agent

Per: \_\_\_\_\_

and Per: \_\_\_\_\_

- 15 -

DRAFT dated October 31 2013

**HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF NEWFOUNDLAND AND LABRADOR**

**and**



**[Collateral Agent]**

**GUARANTEE FOR LIL EQUITY SUPPORT AGREEMENT**

**DATED AS OF , 2013**

THIS GUARANTEE AGREEMENT made as of <[REDACTED]>, 2013.

**B E T W E E N:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF NEWFOUNDLAND AND LABRADOR**

(hereinafter called the "Guarantor" or "NL Crown")

**OF THE FIRST PART**

- and -

[<[REDACTED]> FINANCIAL INSTITUTION <[REDACTED]>], [NOTE TO DRAFT:  
Reference shall be made to the Collateral Agent under the  
Trust Deed.]

(hereinafter called the "Collateral Agent")

**OF THE SECOND PART**

[NOTE TO DRAFT: The recitals will need to reflect the financing that is put in place on the initial financial closing. Accordingly, certain defined terms will need to be adapted to reflect the final Consolidated Transaction Documents as certain assumptions have been made regarding the words and expressions that will be defined therein.]

[NOTE TO DRAFT: Once a description of the LIL Project Finance Documents can be produced, it will be included in these recitals.]

**WHEREAS** on <[REDACTED]>, 2013, the LIL Parties entered into the ESA in favour of the Collateral Agent, for and on behalf of the GAA Finance Parties, pursuant to the terms of which Nalcor and Nalcor LP agreed to pay, on each Required Contribution Date, respectively to Nalcor LP and the Partnership, by way of equity contributions made respectively in Nalcor LP and the Partnership, the Nalcor Contribution and the Nalcor LP Contribution, respectively, required to be made on such Required Contribution Date;

**WHEREAS** Canada has issued the Federal Loan Guarantee to assist in the financing provided by the Funding Vehicle to the Intermediary Trust that will then on-lend the funds borrowed by it to the Partnership to finance the Project Costs, in part;

**WHEREAS** the Partnership has agreed to provide security to the Collateral Agent, for the benefit of the GAA Finance Parties, to secure the LIL Secured Obligations;

**WHEREAS** in consideration of the issuance of the Federal Loan Guarantee and as security for its repayment indemnity and other obligations it has undertaken towards Canada, the Funding Vehicle has executed the FV Security Documents creating Liens on all its Assets including its rights in the Collateral Mortgage Bonds issued by the Obligors in favour of the Collateral Agent, for the benefit of Canada;



**WHEREAS** the LIL Parties acknowledge and agree that pursuant to the terms of the Collateral Agency Agreement, the Collateral Agent must act in accordance with the Requisite Instructions and in the event of any conflict in the Requisite Instructions received, the Collateral Agent is required to act in accordance with the instructions of Canada;

**WHEREAS** it is a condition precedent to the financing and hedging facilities to be made available to the Partnership under the LIL Project Finance Documents that this Guarantee Agreement be provided by NL Crown to the Collateral Agent, for and on behalf of the GAA Finance Parties, to secure the payment by Nalcor and Nalcor LP of the NL Guaranteed Obligations arising under the ESA;

**WHEREAS** NL Crown is authorized to execute this Agreement and perform its obligations hereunder pursuant to Sections 25 and 27 of the *Energy Corporation Act* (NL);

**WHEREAS** under and pursuant to Order-in-Council <@>, the Minister of Finance is authorized for and on behalf of NL Crown to execute this Guarantee Agreement issued pursuant to Sections 25 and 27 of the *Energy Corporation Act* (NL);

**WHEREAS** the financing and hedging facilities under the LIL Project Finance Documents are being made available to the Partnership in reliance upon the covenants and agreements of NL Crown set forth herein;

**NOW THEREFORE THIS GUARANTEE AGREEMENT WITNESSETH** that in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

## ARTICLE 13

### INTERPRETATION

#### 13.1 Definitions

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in the master definitions agreement dated <@>, 2013 entered into among, inter alia, the Collateral Agent, the Lead Arranger, Canada, the Funding Vehicle, the Intermediary Trust and the LIL Parties (the "**Master Definitions Agreement**"). The rules of interpretation set forth in Article 1 of the Master Definitions Agreement apply to this Guarantee for NL Equity Support Agreement as if at length recited herein.

#### 13.2 Recitals

The recitals of this Agreement shall form an integral part hereof as if at length recited herein.

#### 13.3 Headings

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this

Agreement. The terms "Guarantee for NL Equity Support Agreement", "this Guarantee for NL Equity Support Agreement", "this Guarantee Agreement", "this Agreement", "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

#### 13.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of NL and the federal Laws of Canada applicable therein and all actions, suits and proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

#### 13.5 Time

Time shall be of the essence of this Agreement.

### ARTICLE 14

#### GUARANTEE

#### 14.1 Guarantee

The Guarantor hereby irrevocably and absolutely guarantees to the Collateral Agent, for and on behalf of the GAA Finance Parties, the due and punctual payment of all the NL Guaranteed Obligations at the times, in the currencies and in the manner provided for in the ESA, subject to the provisions of Sections 14.3 and 2.9.

#### 14.2 Nature of Guarantee

The obligations of the Guarantor hereunder are and shall be irrevocable, absolute, present and continuing and constitute a guarantee of payment and not merely a guarantee of collection. Subject to the provisions of Sections **Error! Reference source not found.**14.3 and 2.9, as and by way of indemnity, the Guarantor shall irrevocably and absolutely pay to the Collateral Agent or deposit directly in the Partnership Project Funding Account all such amounts as shall be required from time to time to ensure that the full amount of the NL Guaranteed Obligations are paid or deposited regardless of (a) the unenforceability or invalidity of the NL Guaranteed Obligations or any failure by any Contributing Party to duly and punctually pay in full the NL Guaranteed Obligations when due, (b) any loss of any right of the Collateral Agent or the GAA Finance Parties against the Contributing Party in respect of the NL Guaranteed Obligations for any reason whatsoever, including by operation of any bankruptcy, insolvency or similar such laws, any laws affecting creditors' rights generally or general principles of equity and (c) any act or omission of the Collateral Agent in connection with the enforcement of any of the rights of the Collateral Agent against the Contributing Party.

### 14.3 NL Crown Payment Demand

14.3.1 If the GP fails to issue a Cash Call Notice in accordance with the provisions of Section 2.2 of the ESA as and when required therein:

14.3.1.1 in connection with the Base Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule B, that NL Crown pay to the Collateral Agent for deposit to the Partnership Project Funding Account (or deposit directly in the Partnership Project Funding Account) an amount equal to (i) where no deposit required to be made in the Partnership Project Funding Account pursuant to Section 2.3 of the ESA has been made, the deposit in the Partnership Project Funding Account that should have been made pursuant to Section 2.3 of the ESA and (ii) where only a portion of the deposit required to be made in the Partnership Project Funding Account pursuant to Section 2.3 of the ESA has been made, the difference between the deposit in the Partnership Project Funding Account that should have been made pursuant to Section 2.3 of the ESA and the deposit in the Partnership Project Funding Account that has been made;

14.3.1.2 in connection with the Contingency Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule C, that NL Crown pay to the Collateral Agent for deposit to the Partnership Project Funding Account (or deposit directly in the Partnership Project Funding Account) an amount equal to (i) where no deposit required to be made in the Partnership Project Funding Account pursuant to Section 2.4 of the ESA has been made, the deposit in the Partnership Project Funding Account that should have been made pursuant to Section 2.4 of the ESA and (ii) where only a portion of the deposit required to be made in the Partnership Project Funding Account pursuant to Section 2.4 of the ESA has been made, the difference between the deposit in the Partnership Project Funding Account that should have been made pursuant to Section 2.4 of the ESA and the deposit in the Partnership Project Funding Account that has been made;

14.3.1.3 in connection with the DSRAs Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule D, that NL Crown pay to the Collateral Agent for deposit in the Partnership Project Funding Account for release and deposit into the DSRAs an amount equal to (i) where no deposit required to be made in the Partnership Project Funding Account for release and deposit into the DSRAs pursuant to Section 2.5 of the ESA has been made, the deposit that should have been made pursuant to Section 2.5 of the ESA and (ii) where only a portion of the deposit required to be made in the Partnership Project Funding Account for release and deposit into the DSRAs pursuant to Section 2.5 of the ESA has been made, the difference between the deposit that should have been made pursuant to Section 2.5 of the ESA and the deposit that has been made;

14.3.2 If the amount required to be deposited in the Partnership Project Funding Account by:

14.3.2.1 any Required Base Equity Contribution Date as provided in Section 2.3 of the ESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule B, that NL Crown pay to the Collateral Agent for deposit to the Partnership Project Funding Account (or deposit directly in the Partnership Project Funding Account) an amount equal to (i) where no deposit required to be

made in the Partnership Project Funding Account pursuant to Section 2.3 of the ESA has been made, the deposit in the Partnership Project Funding Account that should have been made pursuant to Section 2.3 of the ESA and (ii) where only a portion of the deposit required to be made in the Partnership Project Funding Account pursuant to Section 2.3 of the ESA has been made, the difference between the deposit in the Partnership Project Funding Account that should have been made pursuant to Section 2.3 of the ESA and the deposit in the Partnership Project Funding Account that has been made;

14.3.2.2 any Required Contingency Equity Contribution Date as provided in Section 2.4 of the ESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule C, that NL Crown pay to the Collateral Agent for deposit to the Partnership Project Funding Account (or deposit directly in the Partnership Project Funding Account) an amount equal to (i) where no deposit required to be made in the Partnership Project Funding Account pursuant to Section 2.4 of the ESA has been made, the deposit in the Partnership Project Funding Account that should have been made pursuant to Section 2.4 of the ESA and (ii) where only a portion of the deposit required to be made in the Partnership Project Funding Account pursuant to Section 2.4 of the ESA has been made, the difference between the deposit in the Partnership Project Funding Account that should have been made pursuant to Section 2.4 of the ESA and the deposit in the Partnership Project Funding Account that has been made;

14.3.3 If the amount required to be deposited in the Partnership Project Funding Account for release and deposit into the DSRA as provided in Section 2.5 of the ESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule D, that NL Crown pay to the Collateral Agent for deposit in the Partnership Project Funding Account for release and deposit into the DSRA an amount equal to (i) where no deposit required to be made in the Partnership Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the ESA has been made, the deposit that should have been made pursuant to Section 2.5 of the ESA and (ii) where only a portion of the deposit required to be made in the Partnership Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the ESA has been made, the difference between the deposit that should have been made pursuant to Section 2.5 of the ESA and the deposit that has been made;

14.3.4 NL Crown covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 p.m. on the fifth Business Day following its receipt of any NL Crown Payment Demand, it shall deposit an amount equal to the NL Crown Contribution to the Partnership Project Funding Account or pay the NL Crown Contribution to the Collateral Agent, to be deposited by the Collateral Agent forthwith upon receipt to the Partnership Project Funding Account or, as the case may be, released for deposit into the DSRA. The Collateral Agent hereby agrees to deposit to the Partnership Project Funding Account or the DSRA, as the case may be, any amount so received forthwith upon receipt.

#### 14.4 Conditions to NL Crown Payment Demand

In each NL Crown Payment Demand issued under this Agreement, the Collateral Agent shall:

14.4.1 specify the amount of the NL Crown Contribution required to be made, the date by which it is required to be made and whether and why it is to be deemed to be made under the Base Equity Commitment, Contingency Equity Commitment or DSRA Equity Commitment, as the case may be;

14.4.2 acknowledge, covenant and agree (and the Trustee hereby acknowledges, covenants and agrees in respect of each NL Crown Payment Demand issued under this Agreement) that:

14.4.2.1 each NL Crown Contribution paid by NL Crown to the Collateral Agent under the Base Equity Commitment shall be deposited forthwith in the Partnership Project Funding Account and shall be used exclusively to pay the Equity Rateable Share of the Project Costs, to be paid therewith as contemplated in the NL Crown Payment Demand issued by the Collateral Agent;

14.4.2.2 each NL Crown Contribution paid by NL Crown to the Collateral Agent under the Contingency Equity Commitment shall be deposited forthwith in the Partnership Project Funding Account and shall be used exclusively to pay the Equity Rateable Share of Cost Overruns, to be paid therewith as contemplated in the NL Crown Payment Demand issued by the Collateral Agent;

14.4.2.3 the NL Crown Contribution paid by NL Crown to the Collateral Agent under the DSRA Equity Commitment shall be deposited forthwith in the DSRA and shall be used exclusively to fund the Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date, to be funded therewith as contemplated in the NL Crown Payment Demand issued by the Collateral Agent;

14.4.2.4 the Collateral Agent shall only release any NL Crown Contribution under the Base Equity Commitment from the Partnership Project Funding Account concurrently with the release from the Partnership Project Funding Account of the Debt Rateable Share of the Project Costs to which such NL Crown Payment Demand relates. Even if a LIL Event of Default or acceleration of the amounts owed by the Partnership under the LIL Project Finance Agreement has occurred, the Collateral Agent shall not release any such NL Crown Contribution from the Partnership Project Funding Account until such Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above;

14.4.2.5 the Collateral Agent shall only release the NL Crown Contribution under the DSRA Equity Commitment for deposit into the DSRA concurrently with the deposit of the Debt Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date into the DSRA. Even if a LIL Event of Default or acceleration of the amounts owed by the Partnership under the LIL Project Finance Agreement has occurred, the Collateral Agent shall not release such NL Crown Contribution until such Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above;

14.4.2.6 subject to clause 14.4.2.9, under no circumstance shall any NL Crown Contribution under the Base Equity Commitment be used to fund anything other than the Equity Rateable Share of the Project Costs intended to be paid therewith;

14.4.2.7 subject to clause 14.4.2.9, under no circumstance shall any NL Crown Contribution under the Contingency Equity Commitment be used to fund anything other than the Equity Rateable Share of the Cost Overruns intended to be paid therewith;

14.4.2.8 under no circumstance shall the NL Crown Contribution under the DSRA Equity Commitment be used to fund anything other than the Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date; and

14.4.2.9 to the extent that Debt Service is required to be funded by any NL Crown Contribution under the Base Equity Commitment or Contingency Equity Commitment, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are then due and outstanding and that constitute Project Costs or Cost Overruns, as the case may be, and to the extent any scheduled instalments of principal of the Indebtedness of the Partnership under the LIL Project Finance Agreement are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts) (the undertakings in clauses 14.4.2.6 to 14.4.2.9 are collectively referred to as the "NL Payment Conditions").

**[NOTE TO DRAFT: This provision has been drafted on the presumption that the Collateral Agent will act as paying agent to release to the Partnership from the Partnership Project Funding Account the Debt Rateable Share and the Equity Rateable Share of Project Costs or Cost Overruns deposited therein and that it will be in a position to ascertain whether the required amounts have been deposited.]**

#### 14.5 Prima Facie Evidence

NL Crown hereby acknowledges and agrees that any amount set forth by the Collateral Agent in any NL Crown Payment Demand as being the amount required to be paid by it pursuant to the provisions hereof shall constitute *prima facie* evidence of the amount which, as of the date of any such NL Crown Payment Demand, is due and payable by NL Crown pursuant to the provisions hereof. Notwithstanding the foregoing, where at any time NL Crown has paid any amount set forth by the Collateral Agent in any NL Crown Payment Demand, or any other amount, and it is demonstrated at a later date that such payment was in excess of the amount required to be paid by NL Crown pursuant to the provisions hereof, then the amount of such excess payment shall be repaid to NL Crown, to the extent that it has not at such time already been used to pay for Project Costs or Cost Overruns.

#### 14.6 Failure to Pay

If by the fifth Business Day following the issuance by the Collateral Agent of a NL Crown Payment Demand, the amount specified in the NL Crown Payment Demand or required to be deposited in the Partnership Project Funding Account or the DSRA, as the case may be, is not deposited in such account or paid to the Collateral Agent for deposit to such account, the Collateral Agent shall thereupon be entitled to exercise all rights, remedies and recourses then available to it against NL Crown in order to obtain payment of such amount, it being expressly

agreed that any payment by NL Crown of the amount so demanded shall be subject to the NL Payment Conditions being met as provided in Section 0. Any amount payable by the NL Crown pursuant to a NL Crown Payment Demand which is not paid within five (5) Business Days following the issuance of such NL Crown Payment Demand as herein provided will bear interest from and including such fifth Business Days until paid in full at the rate expressed to be payable on the debt of the Partnership under the LIL Project Finance Agreement. Any interest paid by the NL Crown under the terms of this Section shall constitute an equity investment by Nalcor LP in the Partnership and shall be deposited in the Partnership Project Funding Account and shall be applied to defray the next following Nalcor Contribution required to be made under the terms of the ESA.

#### 14.7 **Withholding**

All amounts payable by the Guarantor under this Guarantee Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Guarantor is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Guarantor shall pay to the Collateral Agent such additional amount as is necessary to ensure that the GAA Finance Parties receive and retain (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise payable hereunder, net of any such taxes, charges, fees, levies, duties or withholdings.

#### 14.8 **Postponed Subrogation**

The Guarantor shall not be subrogated to any right of the Collateral Agent until all the NL Guaranteed Obligations are paid in full as provided in Sections 14.3 and 2.9. Thereafter, the Guarantor (i) shall be subrogated to the rights of the Collateral Agent under, pursuant to and otherwise in respect of the ESA and (ii) may require the Collateral Agent to assign to it any of its rights then remaining under the ESA with respect to the NL Guaranteed Obligations, but any such assignment shall be without representation or warranty by, or recourse against, the Collateral Agent.

#### 14.9 **Set-Off**

The Guarantor hereby acknowledges and agrees that vis-à-vis the Collateral Agent and the GAA Finance Parties it has no available remedy of set-off. Accordingly, each payment to be made by the Guarantor hereunder in respect of the NL Guaranteed Obligations shall be made as required in whole without application of the right of set-off. Each payment to be made by the Guarantor hereunder in respect of its NL Guaranteed Obligations shall be made without regard to any equities between or among any of the LIL Parties, the Guarantor, the Collateral Agent and the GAA Finance Parties and without counterclaim, reduction, recoupment, retention or diminution of any kind or nature (including as a result of any defence, right of action, recoupment, retention or counterclaim of any nature that the Guarantor or any other LIL Parties may have or have had against any of the LIL Parties, the GAA Finance Parties or any other Person).

**14.10 Imputation of moneys received in reduction of NL Guaranteed Obligations**

Notwithstanding every legal rule concerning the imputation of payments, all sums of money received by the Collateral Agent from the Guarantor pursuant to the provisions of this Article 14 shall be applied only as provided in Sections 14.3 and 2.9.

**14.11 Irregularity**

Any obligation of any Contributing Party to make investments by way of equity under the ESA shall be considered as being part of the NL Guaranteed Obligations, notwithstanding any lack of capacity, irregularity, defect or flaw in the creation or continuance of such obligation, whether or not the Collateral Agent was aware of the same, it being expressly understood that any such obligation which cannot be recovered from the Guarantor as guarantor hereunder by reason of any voidness of the principal obligation may be recovered from the Guarantor under the indemnity contained in Section 14.2 and shall be payable to the Collateral Agent upon demand therefor by the Collateral Agent in accordance with Sections 14.3 and 2.9.

**14.12 No Release of Guarantor**

Until the NL Guaranteed Obligations have been paid in full as set forth in Sections 14.3 and 2.9, the obligations of the Guarantor hereunder shall not be reduced, limited or terminated, nor shall the Guarantor be discharged from any obligation hereunder for any reason whatsoever, including, but not limited to (whether or not the same shall have occurred or failed to occur once or more than once and, in the case of extensions of time for payment, observance or performance of obligations, whether such extensions or any of them are for periods longer than the respective periods then specified therefor and whether or not the Guarantor shall have received notice thereof or assented thereto):

14.12.1 any extension of the time for payment, observance or performance, or any other amendment or modification of any of the terms and conditions of the NL Guaranteed Obligations or the LIL Project Finance Documents;

14.12.2 any composition or settlement (whether by way of release, acceptance of a plan of reorganization or otherwise) of the NL Guaranteed Obligations;

14.12.3 any failure to exercise, delay in the exercise of, exercise or waiver of, or forbearance or other indulgence with respect to any rights, remedies and/or recourses available to any of the GAA Finance Parties or the Collateral Agent, including but not limited to:

14.12.3.1 any exercise of or failure to exercise any right of set-off, counterclaim, reduction, recoupment or retention;

14.12.3.2 any election of rights, remedies and/or recourses effected by any of them;

14.12.3.3 any subordination by operation of Law, whether present or future, of any or all of the NL Guaranteed Obligations; and



14.12.4 any other act or failure to act which varies the risks of the Guarantor hereunder or, but for the provisions hereof, under the terms of any Law, would operate to reduce, limit or terminate the obligations of the Guarantor from any obligation hereunder.

14.13 **Certain Waivers.**

The Guarantor hereby waives:

14.13.1 except as set forth in Section 14.3, any requirement and any right to require, that any power be exercised or any action be taken against the Contributing Parties or any other guarantor or any collateral for any of the NL Guaranteed Obligations;

14.13.2 [] any and all defences to and counterclaims, reductions, retentions and claims of recoupment against any and all of the NL Guaranteed Obligations that may at any time be available to the Contributing Parties or any other guarantor. As regards set-offs, the Guarantor confirms the acknowledgement contained in Section 14.9; [] **[NOTE TO DRAFT: NL Department of Justice is reviewing for compliance with NL Financial Administration Act.]**

14.13.3 any notice of acceptance of the incurrence or renewal of any NL Guaranteed Obligations;

14.13.4 all notices which may be required by Law to preserve any rights against the Guarantor hereunder including, but not limited to, any notice of default, demand, dishonour, presentment, noting of protest and protest;

14.13.5 diligence;

14.13.6 any defence based upon, arising out of or in any way related to:

14.13.6.1 any claim that any election of remedies by the Collateral Agent impaired, reduced, released or extinguished any rights that the Guarantor might otherwise have had against the Contributing Parties or any other guarantor;

14.13.6.2 any claim that the NL Guaranteed Obligations should be strictly construed against the Collateral Agent; and

14.13.6.3 any and all other defences related to the NL Guaranteed Obligations save and except for the receipt by the Collateral Agent of payment in full of the NL Guaranteed Obligations.

14.14 **No Release in Event of Bankruptcy**

No settlement or discharge of the NL Guaranteed Obligations shall be effective if any payment by the Guarantor in respect thereof is avoided or reduced by virtue of any provision or enactment relating to any Insolvency Laws, Fraudulent Conveyance Laws or similar laws of general application from time to time, and if such payment is so avoided or reduced, the Collateral Agent shall be entitled to recover the amount of such payment as if such settlement or discharge had not occurred.

**14.15 Additional Security**

This Guarantee Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Collateral Agent or a GAA Finance Party.

**14.16 Reasonableness of Waivers, Renunciations, Declarations and Authorizations**

The Guarantor agrees that each of the waivers, renunciations, declarations and authorizations set forth in this Guarantee Agreement is made with full knowledge of its significance and consequences and if any of such waivers, renunciations, declarations and authorizations is determined to be contrary to any Law or public policy, the Guarantor and the Collateral Agent agree that such waivers, renunciations, declarations and authorizations shall be effective only to the maximum extent permitted by Law.

**14.17 Authority to Modify NL Guaranteed Obligations**

The Guarantor expressly authorizes the Collateral Agent, at any time and from time to time, without notice and without affecting the liability of the Guarantor hereunder, to:

14.17.1 change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, suspend or waive the terms of all or any part of the NL Guaranteed Obligations and any security and guarantees therefor;

14.17.2 accept new or additional instruments, documents, agreements, security or guarantees in connection with all or any part of the NL Guaranteed Obligations;

14.17.3 accept partial payments on the NL Guaranteed Obligations;

14.17.4 waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the NL Guaranteed Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Collateral Agent (for the benefit of the GAA Finance Parties) in its discretion may determine, subject to and in accordance with the provisions of Section 14.4; and

14.17.5 otherwise change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, suspend or waive the provisions of the ESA or any of the LIL Project Finance Documents.

**14.18 No Requirement to Exhaust Recourses**

Neither the Collateral Agent nor any GAA Finance Party shall be bound to seek or exhaust its recourses or remedies against the GP or any Contributing Party, any other guarantor or any other Person nor to enforce, marshal or value any Liens before the Collateral Agent, for and on behalf of the GAA Finance Parties, is entitled to payment under this Guarantee Agreement.

## ARTICLE 15

### THE COLLATERAL AGENT

#### 15.1 The Collateral Agent

This Guarantee Agreement is made in favour of the Collateral Agent in its capacity as Collateral Agent for the GAA Finance Parties in accordance with the provisions of the Collateral Agency Agreement. Accordingly, in the event of a new collateral agent being appointed under the Collateral Agency Agreement, such new collateral agent shall thereupon become and be the collateral agent hereunder, but nevertheless, the Collateral Agent shall forthwith assign, transfer and make over to the new collateral agent hereunder this Guarantee Agreement. All provisions of the Collateral Agency Agreement for the protection of the Collateral Agent or for facilitating the administration of the trusts or otherwise relating to the Collateral Agent shall apply *mutatis mutandis* to this Guarantee Agreement and the Collateral Agent's duties hereunder.

#### 15.2 Acceptance of Trust

The Collateral Agent hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new collateral agent shall be appointed as set forth in Section 15.1.

#### 15.3 Acknowledgment of Guarantor

The Guarantor acknowledges and consents (i) to the recitals herein, (ii) to the issuance of the Collateral Mortgage Bonds to the Collateral Agent, for the benefit of Canada and the other GAA Finance Parties, as the case may be, and (iii) that the Collateral Mortgage Bonds will be held for Canada by the Collateral Agent and that pursuant to the terms of the Collateral Agency Agreement, Canada may direct the Collateral Agent including as to the issuance of a NL Crown Payment Demand.

## ARTICLE 16

### GENERAL PROVISIONS

#### 16.1 Notices

Any NL Crown Payment Demand, notice or other communication contemplated to be given by the Collateral Agent or NL Crown under this Guarantee Agreement shall be in writing and delivered personally or by courier or mailed by registered mail, postage prepaid and return receipt requested, to the applicable address set out below or to such other address as a party hereto may from time to time designate to the other parties set out below in such manner:

(a) if to the Collateral Agent: [REDACTED]

Attention: [REDACTED]

- (b) if to NL Crown: [REDACTED]  
Attention: [REDACTED]
- (c) if to Canada: [REDACTED]  
Attention: [REDACTED]

Notices given by personal delivery, by courier or mail shall be effective upon actual receipt.

#### 16.2 Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon NL Crown, the Collateral Agent and the GAA Finance Parties and their respective successors and assigns provided, however, that no assignment or transfer of any rights hereunder may be made by NL Crown without the prior written consent of the Collateral Agent. Furthermore, no assignment or transfer of any rights hereunder may be made by the Collateral Agent without the prior written consent of NL Crown, other than to a successor Collateral Agent in accordance with the provisions of the Collateral Agency Agreement.

#### 16.3 Amendments and Waivers

The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have and no failure or delay by the Collateral Agent in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended only with the written consent of NL Crown and the Collateral Agent, acting in accordance with the Requisite Instructions, and such amendment shall be binding upon all of the parties hereto, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Collateral Agent, acting in accordance with the Requisite Instructions, and such waiver shall be binding upon all of the GAA Finance Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

#### 16.4 Execution

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

#### 16.5 Severability

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that (a) the validity, legality and enforceability in every other jurisdiction of

such provision shall not in any way be affected or impaired thereby and **(b)** the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby.

16.6 **Entire Agreement**

With respect to the obligations of NL Crown hereunder, this Agreement constitutes the entire agreement among the parties hereto.

16.7 **Expenses**

The Guarantor agrees to pay all duly documented reasonable out-of-pocket costs and expenses, including reasonable attorneys' fees, which may be incurred by the Collateral Agent or the GAA Finance Parties in any effort to collect or enforce any of the obligations of the Guarantor hereunder.

16.8 **Acknowledgment**

The Guarantor hereby acknowledges that it has received and taken cognizance of an original executed copy of this Agreement, the ESA and the LIL Project Finance Documents in force on the date hereof and is familiar with all the provisions thereof.

16.9 **Term of Agreement**

The obligations of the Guarantor under the provisions of this Agreement shall terminate on the Termination Date provided that the NL Guaranteed Obligations have been paid in full.

**[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF** the parties hereto have executed this agreement as of the date set out at the commencement of this Guarantee Agreement.

**HER MAJESTY THE QUEEN IN RIGHT  
OF THE PROVINCE OF  
NEWFOUNDLAND AND LABRADOR, as  
represented by the Minister of Finance**

Per: \_\_\_\_\_

Name:

Title:

SCHEDULE A- PAGE 2  
GUARANTEE AGREEMENT



AS COLLATERAL AGENT

Per: \_\_\_\_\_

## SCHEDULE "A"

NL CROWN PAYMENT DEMAND IN CONNECTION WITH PROJECT COSTS

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

<■>

Attention: <■>

Gentlemen,

We refer you to that certain guarantee agreement relating to the ESA dated as of <■>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and the [<■>Collateral Agent<■>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "ESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the ESG).

Pursuant to clause [2.3.1.1/2.3.2.1] of the ESG, we hereby request that you pay to us for deposit to, or directly deposit to, the Partnership Project Funding Account an amount of not less than <■> (the "**Required Contribution** ") by no later than <■> [**NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the NL Crown Payment Demand.**]. The Required Contribution will be used to pay the Equity Rateable Share of Project Costs to be paid with the required applicable Base Equity Contribution and will therefore be deemed to be made under the Base Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the Partnership Project Funding Account is expressly subject to the following conditions:

1. the Required Contribution shall be deposited in the Partnership Project Funding Account and shall be used exclusively to pay the Equity Rateable Share of the Project Costs referred to in the preceding paragraph;
2. the Collateral Agent shall only release the Required Contribution from the Partnership Project Funding Account concurrently with the release from the Partnership Project Funding Account of the Debt Rateable Share of the Project Costs to which this NL Crown Payment Demand relates. Even if a LIL Event of Default or acceleration of the amounts owed by the Partnership under the LIL Project Finance Agreement has occurred,



SCHEDULE A- PAGE 2  
GUARANTEE AGREEMENT (ESA)

the Collateral Agent shall not release the Required Contribution from the Partnership Project Funding Account until such Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that:

1. Subject to paragraph 2 below, under no circumstance shall any part of the Required Contribution be used to fund anything other than the Equity Rateable Share of the Project Costs intended to be paid therewith;
  
3. to the extent that Debt Service is required to be funded by the Required Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are due and outstanding and that constitute Project Costs, and to the extent any scheduled instalments of principal of the Indebtedness of the Partnership under the LIL Project Finance Agreement are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

The wire transfer instructions for payments to be made by you directly to the Partnership Project Funding Account are as follows:



Yours truly,



as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

- c.c. Nalcor Energy
- Labrador-Island Link Holding Corporation
- Labrador-Island Link General Partner Corporation
- Labrador-Island Link Limited Partnership

## SCHEDULE "B"

NL CROWN PAYMENT DEMAND IN CONNECTION WITH COST OVERRUNS

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

&lt; &gt;

Attention: &lt; &gt;

Gentlemen,

We refer you to that certain guarantee agreement relating to the ESA dated as of < >, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and the [< >Collateral Agent< >] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "ESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the ESG).

Pursuant to clause [2.3.1.2/2.3.2.2] of the ESG, we hereby request that you pay to us for deposit to, or directly deposit to, the Partnership Project Funding Account an amount of not less than < > (the "Required Contribution ") by no later than < > [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the NL Crown Payment Demand.]. The Required Contribution will be used to pay the Equity Rateable Share of Cost Overruns to be paid with the required applicable Contingency Equity Contribution and will therefore be deemed to be made under the Contingency Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the Partnership Project Funding Account is expressly subject to the condition that the Required Contribution shall be deposited in the Partnership Project Funding Account and shall be used exclusively to pay the Equity Rateable Share of the Project Costs referred to in the preceding paragraph.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that:

1. Subject to paragraph 2 below, under no circumstance shall any part of the Required Contribution be used to fund anything other than the Equity Rateable Share of the Cost Overruns intended to be paid therewith;

SCHEDULE B- PAGE 2  
GUARANTEE AGREEMENT (ESA)

4. to the extent that Debt Service is required to be funded by the Required Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are due and outstanding and that constitute Cost Overruns, and to the extent any scheduled instalments of principal of the Indebtedness of the Partnership under the LIL Project Finance Agreement are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

The wire transfer instructions for payments to be made by you directly to the Partnership Project Funding Account are as follows:

<■>

Yours truly,

<■>,  
as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Labrador-Island Link Holding Corporation  
Labrador-Island Link General Partner Corporation  
Labrador-Island Link Limited Partnership

## SCHEDULE "C"

NL CROWN PAYMENT DEMAND IN CONNECTION WITH THE MINIMUM DSRA  
AMOUNT

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

<[REDACTED]>

Attention: <[REDACTED]>

Gentlemen,

We refer you to that certain guarantee agreement relating to the ESA dated as of <[REDACTED]>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and the [<[REDACTED]>Collateral Agent<[REDACTED]>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "ESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the ESG).

Pursuant to clause [2.3.1.3/2.3.3] of the ESA, we hereby request that you pay to us for deposit to, or directly deposit to, the DSRA an amount of not less than <[REDACTED]> (the "**Required Contribution**") by no later than <[REDACTED]> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the NL Crown Payment Demand.]. The Required Contribution will be used to fund in the DSRA the Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date and will therefore be deemed to be made under the DSRA Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit by NL Crown of the Required Contribution in the Partnership Project Funding Account for release and deposit into the DSRA is expressly subject to the following conditions:

1. the Required Contribution shall be deposited in the Partnership Project Funding Account for release and deposit into the DSRA and shall be used exclusively to fund the Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date referred to in the preceding paragraph;
5. the Collateral Agent shall only release the Required Contribution for deposit into the DSRA concurrently with the deposit of the Debt Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date into the DSRA. Even if a LIL Event of Default or acceleration of the amounts owed by the Partnership under the LIL Project

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Finance Agreement has occurred, the Collateral Agent shall not release the Required Contribution until such Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that under no circumstance shall any part of the Required Contribution be used to fund anything other than the Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date.

The wire transfer instructions for payments to be made by you directly to the Partnership Project Funding Account are as follows:

<■>

Yours truly,

<■>,  
as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Labrador-Island Link Holding Corporation  
Labrador-Island Link General Partner Corporation  
Labrador-Island Link Limited Partnership

**HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF NEWFOUNDLAND AND LABRADOR**

and



**[Collateral Agent]**

**GUARANTEE FOR LTA FACILITY SUPPORT AGREEMENT**

**DATED AS OF <■>, 2013**

**THIS GUARANTEE AGREEMENT** made as of <[REDACTED]>, 2013.

**B E T W E E N :**

**HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF NEWFOUNDLAND AND LABRADOR**

(hereinafter called the "**Guarantor**" or "**NL Crown**")

**OF THE FIRST PART**

- and -

[<[REDACTED]>**FINANCIAL INSTITUTION**<[REDACTED]>], [NOTE TO DRAFT:  
Reference shall be made to the Collateral Agent under the  
Trust Deed.]

(hereinafter called the "**Collateral Agent**")

**OF THE SECOND PART**

[NOTE TO DRAFT: The recitals will need to reflect the financing that is put in place on the initial financial closing. Accordingly, certain defined terms will need to be adapted to reflect the final Consolidated Transaction Documents as certain assumptions have been made regarding the words and expressions that will be defined therein.]

[NOTE TO DRAFT: Once a description of the Muskrat/LTA Finance Documents can be produced, it will be included in these recitals.]

**WHEREAS** on <[REDACTED]>, 2013, the LTA Parties entered into the LTAESA in favour of the Collateral Agent, for and on behalf of the GAA Finance Parties, pursuant to the terms of which Nalcor agreed to pay, on each Required LTA Contribution Date, to Labrador Transco, by way of equity contributions made in Labrador Transco, the Nalcor LTA Contribution required to be made on such Required LTA Contribution Date;

**WHEREAS** Canada has issued the Federal Loan Guarantee to assist in the financing provided by the Funding Vehicle to the Credit Parties to finance the Project Costs, in part;

**WHEREAS** Labrador Transco has agreed to provide security to the Collateral Agent, for the benefit of the GAA Finance Parties, to secure the Muskrat /LTA Secured Obligations;

**WHEREAS** in consideration of the issuance of the Federal Loan Guarantee and as security for its repayment indemnity and other obligations it has undertaken towards Canada, the Funding Vehicle has executed the FV Security Documents creating Liens on all its Assets including its rights in the Collateral Mortgage Bonds issued by the Credit Parties in favour of the Collateral Agent, for the benefit of Canada;

**WHEREAS** pursuant to the terms of the Collateral Agency Agreement, the Collateral Agent must act in accordance with the Requisite Instructions and in the event of any conflict in the

## GUARANTEE AGREEMENT (LTAESA) – PAGE 7

Requisite Instructions received, the Collateral Agent is required to act in accordance with the instructions of Canada;

**WHEREAS** it is a condition precedent to the financing to be made available to Labrador Transco under the Muskrat /LTA Project Finance Documents that this Guarantee Agreement be provided by NL Crown to the Collateral Agent, for and on behalf of the GAA Finance Parties, to secure the payment by Nalcor of the LTA Guaranteed Obligations arising under the LTAESA;

**WHEREAS** NL Crown is authorized to execute this Agreement and perform its obligations hereunder pursuant to Sections 25 and 27 of the *Energy Corporation Act* (NL);

**WHEREAS** under and pursuant to Order-in-Council <@>, the Minister of Finance is authorized for and on behalf of NL Crown to execute this Guarantee Agreement issued pursuant to Sections 25 and 27 of the *Energy Corporation Act* (NL);

**WHEREAS** the financing under the Muskrat/LTA Project Finance Documents is being made available to Labrador Transco in reliance upon the covenants and agreements of NL Crown set forth herein;

**NOW THEREFORE THIS GUARANTEE AGREEMENT WITNESSETH** that in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

## ARTICLE 17

### INTERPRETATION

#### 17.1 Definitions

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in the master definitions agreement dated <@>, 2013 entered into among, inter alia, the Collateral Agent, the Lead Arranger, Canada, the Funding Vehicle and the LTA Parties (the "**Master Definitions Agreement**"). The rules of interpretation set forth in Article 1 of the Master Definitions Agreement apply to this Guarantee for LTA Equity Support Agreement as if at length recited herein.

#### 17.2 Recitals

The recitals of this Agreement shall form an integral part hereof as if at length recited herein.

#### 17.3 Headings

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "**Guarantee for LTA Equity Support Agreement**", "**this Guarantee for LTA Equity Support Agreement**", "**this Guarantee Agreement**", "**this Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions refer to this Agreement and



not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

#### 17.4 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of NL and the federal Laws of Canada applicable therein and all actions, suits and proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

#### 17.5 **Time**

Time shall be of the essence of this Agreement.

### ARTICLE 18

#### GUARANTEE

#### 18.1 **Guarantee**

The Guarantor hereby irrevocably and absolutely guarantees to the Collateral Agent, for and on behalf of the GAA Finance Parties, the due and punctual payment of all the LTA Guaranteed Obligations at the times, in the currencies and in the manner provided for in the LTAESA, subject to the provisions of Sections 18.3 and 2.9.

#### 18.2 **Nature of Guarantee**

The obligations of the Guarantor hereunder are and shall be irrevocable, absolute, present and continuing and constitute a guarantee of payment and not merely a guarantee of collection. Subject to the provisions of Sections 18.3 and 2.9, as and by way of indemnity, the Guarantor shall irrevocably and absolutely pay to the Collateral Agent or deposit directly in the Labrador Transco Project Funding Account or LRA, as applicable, all such amounts as shall be required from time to time to ensure that the full amount of the LTA Guaranteed Obligations are paid or deposited regardless of (a) the unenforceability or invalidity of the LTA Guaranteed Obligations or any failure by Nalcor to duly and punctually pay in full the LTA Guaranteed Obligations when due, (b) any loss of any right of the Collateral Agent or the GAA Finance Parties against Nalcor in respect of the LTA Guaranteed Obligations for any reason whatsoever, including by operation of any bankruptcy, insolvency or similar such laws, any laws affecting creditors' rights generally or general principles of equity and (c) any act or omission of the Collateral Agent in connection with the enforcement of any of the rights of the Collateral Agent against Nalcor.

#### 18.3 **NL Crown LTA Payment Demand**

18.3.1 If Labrador Transco fails to issue a LTA Cash Call Notice in accordance with the provisions of Section 2.2 of the LTAESA as and when required therein:

## GUARANTEE AGREEMENT (LTAESA) – PAGE 9

18.3.1.1 in connection with the LTA Base Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule B, that NL Crown pay to the Collateral Agent for deposit to the Labrador Transco Project Funding Account (or deposit directly in the Labrador Transco Project Funding Account) an amount equal to (i) where no deposit required to be made in the Labrador Transco Project Funding Account pursuant to Section 2.3 of the LTAESA has been made, the deposit in the Labrador Transco Project Funding Account that should have been made pursuant to Section 2.3 of the LTAESA and (ii) where only a portion of the deposit required to be made in the Labrador Transco Project Funding Account pursuant to Section 2.3 of the LTAESA has been made, the difference between the deposit in the Labrador Transco Project Funding Account that should have been made pursuant to Section 2.3 of the LTAESA and the deposit in the Labrador Transco Project Funding Account that has been made;

18.3.1.2 in connection with the LTA Contingency Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule C, that NL Crown pay to the Collateral Agent for deposit to the Labrador Transco Project Funding Account (or deposit directly in the Labrador Transco Project Funding Account) an amount equal to (i) where no deposit required to be made in the Labrador Transco Project Funding Account pursuant to Section 2.4 of the LTAESA has been made, the deposit in the Labrador Transco Project Funding Account that should have been made pursuant to Section 2.4 of the LTAESA and (ii) where only a portion of the deposit required to be made in the Labrador Transco Project Funding Account pursuant to Section 2.4 of the LTAESA has been made, the difference between the deposit in the Labrador Transco Project Funding Account that should have been made pursuant to Section 2.4 of the LTAESA and the deposit in the Labrador Transco Project Funding Account that has been made;

18.3.1.3 in connection with the LTA DSRA Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule D, that NL Crown pay to the Collateral Agent for deposit in the Labrador Transco Project Funding Account for release and deposit into the DSRA an amount equal to (i) where no deposit required to be made in the Labrador Transco Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the LTAESA has been made, the deposit that should have been made pursuant to Section 2.5 of the LTAESA and (ii) where only a portion of the deposit required to be made in the Labrador Transco Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the LTAESA has been made, the difference between the deposit that should have been made pursuant to Section 2.5 of the LTAESA and the deposit that has been made;

18.3.1.4 in connection with the LTA LRA Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule E, that NL Crown pay to the Collateral Agent for deposit to the LRA (or deposit directly in the LRA) an amount equal to (i) where no deposit required to be made in the LRA pursuant to Section 2.6 of the LTAESA has been made, the deposit in the LRA that should have been made pursuant to Section 2.6 of the LTAESA and (ii) where only a portion of the deposit required to be made in the LRA pursuant to Section 2.6 of the LTAESA has been made, the difference between the deposit in the LRA that should have been made pursuant to Section 2.6 of the LTAESA and the deposit in the LRA that has been made;

## GUARANTEE AGREEMENT (LTAESA) – PAGE 10

18.3.2 If the amount required to be deposited in the Labrador Transco Project Funding Account by:

18.3.2.1 any Required LTA Base Equity Contribution Date as provided in Section 2.3 of the LTAESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule B, that NL Crown pay to the Collateral Agent for deposit to the Labrador Transco Project Funding Account (or deposit directly in the Labrador Transco Project Funding Account) an amount equal to (i) where no deposit required to be made in the Labrador Transco Project Funding Account pursuant to Section 2.3 of the LTAESA has been made, the deposit in the Labrador Transco Project Funding Account that should have been made pursuant to Section 2.3 of the LTAESA and (ii) where only a portion of the deposit required to be made in the Labrador Transco Project Funding Account pursuant to Section 2.3 of the LTAESA has been made, the difference between the deposit in the Labrador Transco Project Funding Account that should have been made pursuant to Section 2.3 of the LTAESA and the deposit in the Labrador Transco Project Funding Account that has been made;

18.3.2.2 any Required LTA Contingency Equity Contribution Date as provided in Section 2.4 of the LTAESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule C, that NL Crown pay to the Collateral Agent for deposit to the Labrador Transco Project Funding Account (or deposit directly in the Labrador Transco Project Funding Account) an amount equal to (i) where no deposit required to be made in the Labrador Transco Project Funding Account pursuant to Section 2.4 of the LTAESA has been made, the deposit in the Labrador Transco Project Funding Account that should have been made pursuant to Section 2.4 of the LTAESA and (ii) where only a portion of the deposit required to be made in the Labrador Transco Project Funding Account pursuant to Section 2.4 of the LTAESA has been made, the difference between the deposit in the Labrador Transco Project Funding Account that should have been made pursuant to Section 2.4 of the LTAESA and the deposit in the Labrador Transco Project Funding Account that has been made;

18.3.3 If the amount required to be deposited in the Labrador Transco Project Funding Account for release and deposit in the DSRA as provided in Section 2.5 of the LTAESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule D, that NL Crown pay to the Collateral Agent for deposit in the Labrador Transco Project Funding Account for release and deposit into the DSRA an amount equal to (i) where no deposit required to be made in the Labrador Transco Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the LTAESA has been made, the deposit in the DSRA that should have been made pursuant to Section 2.5 of the LTAESA and (ii) where only a portion of the deposit required to be made in the Labrador Transco Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the LTAESA has been made, the difference between the deposit that should have been made pursuant to Section 2.5 of the LTAESA and the deposit that has been made;

18.3.4 If the amount required to be deposited in the LRA as provided in Section 2.6 of the LTAESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule E, that NL Crown pay to the Collateral Agent for deposit to the LRA (or deposit directly in the LRA) an amount equal to (i) where no

deposit required to be made in the LRA pursuant to Section 2.6 of the LTAESA has been made, the deposit in the LRA that should have been made pursuant to Section 2.6 of the LTAESA and (ii) where only a portion of the deposit required to be made in the LRA pursuant to Section 2.6 of the LTAESA has been made, the difference between the deposit in the LRA that should have been made pursuant to Section 2.6 of the LTAESA and the deposit in the LRA that has been made;

18.3.5 NL Crown covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 p.m. on the fifth Business Day following its receipt of any LTA NL Crown Payment Demand, it shall deposit an amount equal to the LTA NL Crown Contribution to the Labrador Transco Project Funding Account or the LRA, as the case may be, or pay the LTA NL Crown Contribution to the Collateral Agent, to be deposited by the Collateral Agent forthwith upon receipt to the Labrador Transco Project Funding Account or the LRA, or released for deposit into the DSRA, as the case may be. The Collateral Agent hereby agrees to deposit to the Labrador Transco Project Funding Account, the DSRA or the LRA, as the case may be, any amount so received forthwith upon receipt.

#### 18.4 Conditions to NL Crown LTA Payment Demand

In each LTA NL Crown Payment Demand issued under this Agreement, the Collateral Agent shall:

18.4.1 specify the amount of the LTA NL Crown Contribution required to be made, the date by which it is required to be made and whether and why it is to be deemed to be made under the LTA Base Equity Commitment, LTA Contingency Equity Commitment, LTA DSRA Equity Commitment or LTA LRA Equity Commitment, as the case may be;

18.4.2 acknowledge, covenant and agree (and the Collateral Agent hereby acknowledges, covenants and agrees in respect of each LTA NL Crown Payment Demand issued under this Agreement) that:

18.4.2.1 each LTA NL Crown Contribution paid by NL Crown to the Collateral Agent under the LTA Base Equity Commitment shall be deposited forthwith in the Labrador Transco Project Funding Account and shall be used exclusively to pay the LTA Equity Rateable Share of the LTA Project Costs, to be paid therewith as contemplated in the LTA NL Crown Payment Demand issued by the Collateral Agent;

18.4.2.2 each LTA NL Crown Contribution paid by NL Crown to the Collateral Agent under the LTA Contingency Equity Commitment shall be deposited forthwith in the Labrador Transco Project Funding Account and shall be used exclusively to pay the LTA Equity Rateable Share of Cost Variances, to be paid therewith as contemplated in the LTA NL Crown Payment Demand issued by the Collateral Agent;

18.4.2.3 the LTA NL Crown Contribution paid by NL Crown to the Collateral Agent under the LTA DSRA Equity Commitment shall be deposited forthwith in the DSRA and shall be used exclusively to fund Labrador Transco's Project Rateable Share of the LTA Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date,

to be funded therewith as contemplated in the LTA NL Crown Payment Demand issued by the Collateral Agent;

18.4.2.4 the LTA NL Crown Contribution paid by NL Crown to the Collateral Agent under the LTA LRA Equity Commitment shall be deposited forthwith in the LRA and shall be used exclusively to fund 15% of the Minimum LRA Requirement as at the Commissioning Date, to be funded therewith as contemplated in the LTA NL Crown Payment Demand issued by the Collateral Agent;

18.4.2.5 the Collateral Agent shall only release any LTA NL Crown Contribution under the LTA Base Equity Commitment from the Labrador Transco Project Funding Account concurrently with the release from the Labrador Transco Project Funding Account of the LTA Debt Rateable Share of the LTA Project Costs to which such LTA NL Crown Payment Demand relates. Even if an Event of Default or acceleration of the amounts owed by Labrador Transco under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release any such LTA NL Crown Contribution from the Labrador Transco Project Funding Account until such LTA Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above;

18.4.2.6 the Collateral Agent shall only release the LTA NL Crown Contribution under the LTA DSRA Equity Commitment for deposit into the DSRA concurrently with the deposit of Labrador Transco's Project Rateable Share of the LTA Debt Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date into the DSRA. Even if an Event of Default or acceleration of the amounts owed by Labrador Transco under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release such LTA NL Crown Contribution until such LTA Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above;

18.4.2.7 subject to clause 14.4.2.9, under no circumstance shall any LTA NL Crown Contribution under the LTA Base Equity Commitment be used to fund anything other than the LTA Equity Rateable Share of the LTA Project Costs intended to be paid therewith;

18.4.2.8 subject to clause 14.4.2.9, under no circumstance shall any LTA NL Crown Contribution under the LTA Contingency Equity Commitment be used to fund anything other than the LTA Equity Rateable Share of the Cost Variances intended to be paid therewith;

18.4.2.9 under no circumstance shall the LTA NL Crown Contribution under the LTA DSRA Equity Commitment be used to fund anything other than Labrador Transco's Project Rateable Share of the LTA Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

18.4.2.10 under no circumstance shall the LTA NL Crown Contribution under the LTA LRA Equity Commitment be used to fund anything other than 15% of the Minimum LRA Requirement as at the Commissioning Date; and

18.4.2.11 to the extent that Debt Service is required to be funded by any LTA NL Crown Contribution under the LTA Base Equity Commitment or LTA Contingency Equity Commitment, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are then due and outstanding and that constitute LTA Project Costs or Cost Variances, as the case may be, and to the extent any scheduled instalments of principal of the Indebtedness of Labrador Transco under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts) (the undertakings in clauses 14.4.2.6 to 14.4.2.9 are collectively referred to as the "LTA NL Payment Conditions").

**[NOTE TO DRAFT: This provision has been drafted on the presumption that the Collateral Agent will act as paying agent to release to Labrador Transco from the Labrador Transco Project Funding Account the Debt Rateable Share and the Equity Rateable Share of Project Costs or Cost Variances deposited therein and that it will be in a position to ascertain whether the required amounts have been deposited.]**

#### 18.5 Prima Facie Evidence

NL Crown hereby acknowledges and agrees that any amount set forth by the Collateral Agent in any LTA NL Crown Payment Demand as being the amount required to be paid by it pursuant to the provisions hereof shall constitute *prima facie* evidence of the amount which, as of the date of any such LTA NL Crown Payment Demand, is due and payable by NL Crown pursuant to the provisions hereof. Notwithstanding the foregoing, where at any time NL Crown has paid any amount set forth by the Collateral Agent in any LTA NL Crown Payment Demand, or any other amount, and it is demonstrated at a later date that such payment was in excess of the amount required to be paid by NL Crown pursuant to the provisions hereof, then the amount of such excess payment shall be repaid to NL Crown, to the extent that it has not at such time already been used to pay for LTA Project Costs or Cost Variances.

#### 18.6 Failure to Pay

If by the fifth Business Day following the issuance by the Collateral Agent of a LTA NL Crown Payment Demand, the amount specified in the LTA NL Crown Payment Demand or required to be deposited in the Labrador Transco Project Funding Account, the DSRA or the LRA, as the case may be, is not deposited in such account or paid to the Collateral Agent for deposit to such account, the Collateral Agent shall thereupon be entitled to exercise all Rights, Remedies and/or Recourses then available to it against NL Crown in order to obtain payment of such amount, it being expressly agreed that any payment by NL Crown of the amount so demanded shall be subject to the LTA NL Payment Conditions being met as provided in Section 0. Any amount payable by the NL Crown pursuant to a LTA NL Crown Payment Demand which is not paid within five (5) Business Days following the issuance of such LTA NL Crown Payment Demand as herein provided will bear interest from and including such fifth Business Day until paid in full at the rate expressed to be payable on the debt of Labrador Transco under the Muskrat/LTA Project Finance Documents. Any interest paid by the NL Crown under the terms of this Section shall constitute an equity investment by Nalcor in Labrador Transco and shall be deposited in the Labrador Transco Project Funding Account and shall be applied to defray the next following Nalcor LTA Contribution required to be made under the terms of the LTAESA.

**18.7 Withholding**

All amounts payable by the Guarantor under this Guarantee Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Guarantor is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Guarantor shall pay to the Collateral Agent such additional amount as is necessary to ensure that the GAA Finance Parties receive and retain (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise payable hereunder, net of any such taxes, charges, fees, levies, duties or withholdings.

**18.8 Postponed Subrogation**

The Guarantor shall not be subrogated to any right of the Collateral Agent until all the LTA Guaranteed Obligations are paid in full as provided in Sections 14.3 and 2.9. Thereafter, the Guarantor (i) shall be subrogated to the rights of the Collateral Agent under, pursuant to and otherwise in respect of the LTAESA and (ii) may require the Collateral Agent to assign to it any of its rights then remaining under the LTAESA with respect to the LTA Guaranteed Obligations, but any such assignment shall be without representation or warranty by, or recourse against, the Collateral Agent.

**18.9 Set-Off**

The Guarantor hereby acknowledges and agrees that vis-à-vis the Collateral Agent and the GAA Finance Parties it has no available remedy of set-off. Accordingly, each payment to be made by the Guarantor hereunder in respect of the LTA Guaranteed Obligations shall be made as required in whole without application of the right of set-off. Each payment to be made by the Guarantor hereunder in respect of its LTA Guaranteed Obligations shall be made without regard to any equities between or among any of the LTA Parties, the Guarantor, the Collateral Agent and the GAA Finance Parties and without counterclaim, reduction, recoupment, retention or diminution of any kind or nature (including as a result of any defence, right of action, recoupment, retention or counterclaim of any nature that the Guarantor or any other LTA Parties may have or have had against any of the LTA Parties, the GAA Finance Parties or any other Person).

**18.10 Imputation of moneys received in reduction of LTA Guaranteed Obligations**

Notwithstanding every legal rule concerning the imputation of payments, all sums of money received by the Collateral Agent from the Guarantor pursuant to the provisions of this Article 14 shall be applied only as provided in Sections 14.3 and 2.9.

**18.11 Irregularity**

Any obligation of Nalcor to make investments by way of equity under the LTAESA shall be considered as being part of the LTA Guaranteed Obligations, notwithstanding any lack of capacity, irregularity, defect or flaw in the creation or continuance of such obligation, whether or not the Collateral Agent was aware of the same, it being expressly understood that any such obligation which cannot be recovered from the Guarantor as guarantor hereunder by reason of any voidness of the principal obligation may be recovered from the Guarantor under the

indemnity contained in Section 14.2 and shall be payable to the Collateral Agent upon demand therefor by the Collateral Agent in accordance with Sections 14.3 and 2.9.

**18.12 No Release of Guarantor**

Until the LTA Guaranteed Obligations have been paid in full as set forth in Sections 14.3 and 2.9, the obligations of the Guarantor hereunder shall not be reduced, limited or terminated, nor shall the Guarantor be discharged from any obligation hereunder for any reason whatsoever, including, but not limited to (whether or not the same shall have occurred or failed to occur once or more than once and, in the case of extensions of time for payment, observance or performance of obligations, whether such extensions or any of them are for periods longer than the respective periods then specified therefor and whether or not the Guarantor shall have received notice thereof or assented thereto):

18.12.1 any extension of the time for payment, observance or performance, or any other amendment or modification of any of the terms and conditions of the LTA Guaranteed Obligations or the Muskrat/LTA Project Finance Documents;

18.12.2 any composition or settlement (whether by way of release, acceptance of a plan of reorganization or otherwise) of the LTA Guaranteed Obligations;

18.12.3 any failure to exercise, delay in the exercise of, exercise or waiver of, or forbearance or other indulgence with respect to any Rights, Remedies and/or Recourses available to any of the GAA Finance Parties or the Collateral Agent, including but not limited to:

18.12.3.1 any exercise of or failure to exercise any right of set-off, counterclaim, reduction, recoupment or retention;

18.12.3.2 any election of Rights, Remedies and/or Recourses effected by any of them;

18.12.3.3 any subordination by operation of Law, whether present or future, of any or all of the LTA Guaranteed Obligations; and

18.12.4 any other act or failure to act which varies the risks of the Guarantor hereunder or, but for the provisions hereof, under the terms of any Law, would operate to reduce, limit or terminate the obligations of the Guarantor from any obligation hereunder.

**18.13 Certain Waivers.**

The Guarantor hereby waives:

18.13.1 except as set forth in Section 14.3, any requirement and any right to require, that any power be exercised or any action be taken against Nalcor or any other guarantor or any collateral for any of the LTA Guaranteed Obligations;

18.13.2 any and all defences to and counterclaims, reductions, retentions and claims of recoupment against any and all of the LTA Guaranteed Obligations that may at any time be



available to Nalcor or any other guarantor. As regards set-offs, the Guarantor confirms the acknowledgement contained in Section 14.9;

18.13.3 any notice of acceptance of the incurrence or renewal of any LTA Guaranteed Obligations;

18.13.4 all notices which may be required by Law to preserve any rights against the Guarantor hereunder including, but not limited to, any notice of default, demand, dishonour, presentment, noting of protest and protest;

18.13.5 diligence;

18.13.6 any defence based upon, arising out of or in any way related to:

18.13.6.1 any claim that any election of remedies by the Collateral Agent impaired, reduced, released or extinguished any rights that the Guarantor might otherwise have had against Nalcor or any other guarantor;

18.13.6.2 any claim that the LTA Guaranteed Obligations should be strictly construed against the Collateral Agent; and

18.13.6.3 any and all other defences related to the LTA Guaranteed Obligations save and except for the receipt by the Collateral Agent of payment in full of the LTA Guaranteed Obligations.

#### 18.14 **No Release in Event of Bankruptcy**

No settlement or discharge of the LTA Guaranteed Obligations shall be effective if any payment by the Guarantor in respect thereof is avoided or reduced by virtue of any provision or enactment relating to any Insolvency Laws, Fraudulent Conveyance Laws or similar laws of general application from time to time, and if such payment is so avoided or reduced, the Collateral Agent shall be entitled to recover the amount of such payment as if such settlement or discharge had not occurred.

#### 18.15 **Additional Security**

This Guarantee Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Collateral Agent or a GAA Finance Party.

#### 18.16 **Reasonableness of Waivers, Renunciations, Declarations and Authorizations**

The Guarantor agrees that each of the waivers, renunciations, declarations and authorizations set forth in this Guarantee Agreement is made with full knowledge of its significance and consequences and if any of such waivers, renunciations, declarations and authorizations is determined to be contrary to any Law or public policy, the Guarantor and the Collateral Agent agree that such waivers, renunciations, declarations and authorizations shall be effective only to the maximum extent permitted by Law.

**18.17 Authority to Modify LTA Guaranteed Obligations**

The Guarantor expressly authorizes the Collateral Agent, at any time and from time to time, without notice and without affecting the liability of the Guarantor hereunder, to:

18.17.1 change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, suspend or waive the terms of all or any part of the LTA Guaranteed Obligations and any security and guarantees therefor;

18.17.2 accept new or additional instruments, documents, agreements, security or guarantees in connection with all or any part of the LTA Guaranteed Obligations;

18.17.3 accept partial payments on the LTA Guaranteed Obligations;

18.17.4 waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the LTA Guaranteed Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Collateral Agent (for the benefit of the GAA Finance Parties) in its discretion may determine, subject to and in accordance with the provisions of Section 14.4; and

18.17.5 otherwise change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, suspend or waive the provisions of the LTAESA or any of the Muskrat/LTA Project Finance Documents.

**18.18 No Requirement to Exhaust Recourses**

Neither the Collateral Agent nor any GAA Finance Party shall be bound to seek or exhaust its recourses or remedies against Labrador Transco or Nalcor, any other guarantor or any other person nor to enforce, marshal or value any Liens before the Collateral Agent, for and on behalf of the GAA Finance Parties, is entitled to payment under this Guarantee Agreement.

**ARTICLE 19****THE COLLATERAL AGENT****19.1 The Collateral Agent**

This Guarantee Agreement is made in favour of the Collateral Agent in its capacity as Collateral Agent for the GAA Finance Parties in accordance with the provisions of the Collateral Agency Agreement. Accordingly, in the event of a new collateral agent being appointed under the Collateral Agency Agreement, such new collateral agent shall thereupon become and be the collateral agent hereunder, but nevertheless, the Collateral Agent shall forthwith assign, transfer and make over to the new collateral agent hereunder this Guarantee Agreement. All provisions of the Collateral Agency Agreement for the protection of the Collateral Agent or for facilitating the administration of the trusts or otherwise relating to the Collateral Agent shall apply *mutatis mutandis* to this Guarantee Agreement and the Collateral Agent's duties hereunder.

19.2 **Acceptance of Trust**

The Collateral Agent hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new collateral agent shall be appointed as set forth in Section 15.1.

19.3 **Acknowledgment of Guarantor**

The Guarantor acknowledges and consents (i) to the recitals herein, (ii) to the issuance of the Collateral Mortgage Bonds to the Collateral Agent, for the benefit of Canada and the other GAA Finance Parties, as the case may be, and (iii) that the Collateral Mortgage Bonds will be held for Canada by the Collateral Agent and that pursuant to the terms of the Collateral Agency Agreement, Canada may direct the Collateral Agent including as to the issuance of a LTA NL Crown Payment Demand.

**ARTICLE 20**

**GENERAL PROVISIONS**

20.1 **Notices**

Any LTA NL Crown Payment Demand, notice or other communication contemplated to be given by the Collateral Agent or NL Crown under this Guarantee Agreement shall be in writing and delivered personally or by courier or mailed by registered mail, postage prepaid and return receipt requested, to the applicable address set out below or to such other address as a party hereto may from time to time designate to the other parties set out below in such manner:

(d) if to the Collateral Agent: <[REDACTED]>

Attention: <[REDACTED]>

(e) if to NL Crown: <[REDACTED]>

Attention: <[REDACTED]>

(f) if to Canada: [REDACTED]

Attention: [REDACTED]

Notices given by personal delivery, by courier or mail shall be effective upon actual receipt.

20.2 **Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon NL Crown, the Collateral Agent and the GAA Finance Parties and their respective successors and assigns provided, however, that no assignment or transfer of any rights hereunder may be made by NL Crown without the prior written consent of the Collateral Agent. Furthermore, no assignment or transfer of any rights hereunder may be made by the Collateral Agent without the prior written consent of

NL Crown, other than to a successor Collateral Agent in accordance with the provisions of the Collateral Agency Agreement.

### 20.3 **Amendments and Waivers**

The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have and no failure or delay by the Collateral Agent in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended only with the written consent of NL Crown and the Collateral Agent, acting in accordance with the Requisite Instructions, and such amendment shall be binding upon all of the parties hereto, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Collateral Agent, acting in accordance with the Requisite Instructions, and such waiver shall be binding upon all of the GAA Finance Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

### 20.4 **Execution**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

### 20.5 **Severability**

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that (a) the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and (b) the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby

### 20.6 **Entire Agreement**

With respect to the obligations of NL Crown hereunder, this Agreement constitutes the entire agreement among the parties hereto.

### 20.7 **Expenses**

The Guarantor agrees to pay all duly documented reasonable out-of-pocket costs and expenses, including reasonable attorneys' fees, which may be incurred by the Collateral Agent or the GAA Finance Parties in any effort to collect or enforce any of the obligations of the Guarantor hereunder.

**20.8 Acknowledgment**

The Guarantor hereby acknowledges that it has received and taken cognizance of an original executed copy of this Agreement, the LTAESA and the Muskrat/LTA Project Finance Documents in force on the date hereof and is familiar with all the provisions thereof.

**20.9 Term of Agreement**

The obligations of the Guarantor under the provisions of this Agreement shall terminate on the Termination Date provided that the LTA Guaranteed Obligations have been paid in full.

**[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]**

GUARANTEE AGREEMENT (LTAESA) – SIGNATURE PAGE

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date set out at the commencement of this Guarantee Agreement.

**HER MAJESTY THE QUEEN IN RIGHT  
OF THE PROVINCE OF  
NEWFOUNDLAND AND LABRADOR, as  
represented by the Minister of Finance**

Per: \_\_\_\_\_

Name:

Title:

GUARANTEE AGREEMENT (LTAESA) – SIGNATURE PAGE



AS COLLATERAL AGENT

Per: \_\_\_\_\_

## SCHEDULE "A"

LTA NL CROWN LTA PAYMENT DEMAND IN CONNECTION  
WITH PROJECT COSTS

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

<■>

Attention: <■>

Gentlemen,

We refer you to that certain guarantee agreement relating to the LTAESA dated as of <■>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and [<■>Collateral Agent<■>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "LTAESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the LTAESG).

Pursuant to clause [2.3.1.1/2.3.2.1] of the LTAESG, we hereby request that you pay to us for deposit to, or directly deposit to, the Labrador Transco Project Funding Account an amount of not less than <■> (the "Required Contribution ") by no later than <■> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the LTA NL Crown Payment Demand.]. The Required Contribution will be used to pay the LTA Equity Rateable Share of LTA Project Costs to be paid with the required applicable LTA Base Equity Contribution and will therefore be deemed to be made under the LTA Base Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the Labrador Transco Project Funding Account is expressly subject to the following conditions:

1. the Required Contribution shall be deposited in the Labrador Transco Project Funding Account and shall be used exclusively to pay the LTA Equity Rateable Share of the LTA Project Costs referred to in the preceding paragraph;
2. the Collateral Agent shall only release the Required Contribution from the Labrador Transco Project Funding Account concurrently with the release from the Labrador



SCHEDULE A—PAGE 2  
GUARANTEE AGREEMENT (LTAESA)

Transco Project Funding Account of the LTA Debt Rateable Share of the LTA Project Costs to which this LTA NL Crown Payment Demand relates. Even if an Event of Default or acceleration of the amounts owed by Labrador Transco under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release the Required Contribution from the Labrador Transco Project Funding Account until such LTA Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above; .

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that:

- 2. Subject to paragraph 2 below, under no circumstance shall any part of the Required Contribution be used to fund anything other than the LTA Equity Rateable Share of the LTA Project Costs intended to be paid therewith;
- 3. to the extent that Debt Service is required to be funded by the Required Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are due and outstanding and that constitute LTA Project Costs, and to the extent any scheduled instalments of principal of the Indebtedness of Labrador Transco under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

The wire transfer instructions for payments to be made by you directly to the Labrador Transco Project Funding Account are as follows:



Yours truly,



as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Labrador Transmission Corporation

## SCHEDULE "B"

LTA NL CROWN PAYMENT DEMAND IN CONNECTION  
WITH COST VARIANCES

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

&lt;■&gt;

Attention: &lt;■&gt;

Gentlemen,

We refer you to that certain guarantee agreement relating to the LTAESA dated as of <■>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and [<■>Collateral Agent<■>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "LTAESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the LTAESG).

Pursuant to clause [2.3.1.2/2.3.2.2] of the LTAESG, we hereby request that you pay to us for deposit to, or directly deposit to, the Labrador Transco Project Funding Account an amount of not less than <■> (the "Required Contribution ") by no later than <■> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the LTA NL Crown Payment Demand.]. The Required Contribution will be used to pay the LTA Equity Rateable Share of Cost Variances to be paid with the required applicable LTA Contingency Equity Contribution and will therefore be deemed to be made under the LTA Contingency Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the Labrador Transco Project Funding Account is expressly subject to the condition that the Required Contribution shall be deposited in the Labrador Transco Project Funding Account and shall be used exclusively to pay the LTA Equity Rateable Share of the LTA Project Costs referred to in the preceding paragraph.

SCHEDULE B- PAGE 2  
GUARANTEE AGREEMENT (LTAESA)

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that:

- 3. Subject to paragraph 2 below, under no circumstance shall any part of the Required Contribution be used to fund anything other than the LTA Equity Rateable Share of the Cost Variances intended to be paid therewith;
- 4. to the extent that Debt Service is required to be funded by the Required Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are due and outstanding and that constitute Cost Variances, and to the extent any scheduled instalments of principal of the Indebtedness of Labrador Transco under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

The wire transfer instructions for payments to be made by you directly to the Labrador Transco Project Funding Account are as follows:

<■>

Yours truly,

<■>,  
as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Labrador Transmission Corporation

## SCHEDULE "C"

LTA NL CROWN PAYMENT DEMAND IN CONNECTION  
WITH THE MINIMUM DSRA REQUIREMENT

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

<█>

Attention: <█>

Gentlemen,

We refer you to that certain guarantee agreement relating to the LTAESA dated as of <█>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and [<█>Collateral Agent<█>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "LTAESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the LTAESG).

Pursuant to clause [2.3.1.3/2.3.3] of the LTAESG, we hereby request that you pay to us for deposit to, or directly deposit to, the DSRA an amount of not less than <█> (the "**Required Contribution** ") by no later than <█> [NOTE: **Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the LTA NL Crown Payment Demand.**]. The Required Contribution will be used to fund in the DSRA Labrador Transco's Project Rateable Share of the LTA Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date and will therefore be deemed to be made under the LTA DSRA Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution in the Labrador Transco Project Funding Account for release and deposit into the DSRA is expressly subject to the following conditions:

4. the Required Contribution shall be deposited in the Labrador Transco Project Funding Account for release and deposit into the DSRA and shall be used exclusively to fund Labrador Transco's Project Rateable Share of the LTA Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date referred to in the preceding paragraph;

SCHEDULE C- PAGE 2  
GUARANTEE AGREEMENT (LTAESA)

- 5. the Collateral Agent shall only release the Required Contribution for deposit into the DSRA concurrently with the deposit of Labrador Transco's Project Rateable Share of the LTA Debt Rateable Share of the Minimum DSRA Requirement into the DSRA. Even if an Event of Default or acceleration of the amounts owed by Labrador Transco under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release the Required Contribution until such LTA Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that under no circumstance shall any part of the Required Contribution be used to fund anything other than Labrador Transco's Project Rateable Share of the LTA Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date.

The wire transfer instructions for payments to be made by you directly to the Labrador Transco Project Funding Account are as follows:



Yours truly,



as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Labrador Transmission Corporation

## SCHEDULE "D"

LTA NL CROWN PAYMENT DEMAND IN CONNECTION  
WITH THE MINIMUM LRA REQUIREMENT

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

&lt;■&gt;

Attention: &lt;■&gt;

Gentlemen,

We refer you to that certain guarantee agreement relating to the LTAESA dated as of <■>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and [<■>Collateral Agent<■>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "LTAESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the LTAESG).

Pursuant to clause [2.3.1.4/2.3.4] of the LTAESG, we hereby request that you pay to us for deposit to, or directly deposit to, the LRA an amount of not less than <■> (the "Required Contribution ") by no later than <■> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the LTA NL Crown Payment Demand.]. The Required Contribution will be used to fund in the LRA 15% of the Minimum LRA Requirement as at the Commissioning Date and will therefore be deemed to be made under the LTA LRA Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the LRA is expressly subject to the condition that the Required Contribution shall be deposited in the LRA and shall be used exclusively to fund 15% of the Minimum LRA Requirement as at the Commissioning Date referred to in the preceding paragraph.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that under no circumstance shall any part of the Required Contribution be used to fund anything other than 15% of the Minimum LRA Requirement as at the Commissioning Date.

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The wire transfer instructions for payments to be made by you directly to the LRA are as follows:



Yours truly,



as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Labrador Transmission Corporation

**HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF NEWFOUNDLAND AND LABRADOR**

**and**



**[Collateral Agent]**

**GUARANTEE FOR MF EQUITY SUPPORT AGREEMENT**

**DATED AS OF , 2013**



THIS GUARANTEE AGREEMENT made as of <[REDACTED]>, 2013.

**B E T W E E N :**

**HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF NEWFOUNDLAND AND LABRADOR**

(hereinafter called the "**Guarantor**" or "**NL Crown**")

**OF THE FIRST PART**

- and -

[<[REDACTED]>**FINANCIAL INSTITUTION**<[REDACTED]>], [NOTE TO DRAFT:  
Reference shall be made to the Collateral Agent under the  
Trust Deed.]

(hereinafter called the "**Collateral Agent**")

**OF THE SECOND PART**

**[NOTE TO DRAFT: The recitals will need to reflect the financing that is put in place on the initial financial closing. Accordingly, certain defined terms will need to be adapted to reflect the final Consolidated Transaction Documents as certain assumptions have been made regarding the words and expressions that will be defined therein.]**

**[NOTE TO DRAFT: Once a description of the Muskrat/LTA Finance Documents can be produced, it will be included in these recitals.]**

**WHEREAS** on <[REDACTED]>, 2013, the MF Parties entered into the MFESA in favour of the Collateral Agent, for and on behalf of the GAA Finance Parties, pursuant to the terms of which Nalcor agreed to pay, on each Required MF Contribution Date, to Muskrat, by way of equity contributions made in Muskrat, the Nalcor MF Contribution required to be made on such Required MF Contribution Date;

**WHEREAS** Canada has issued the Federal Loan Guarantee to assist in the financing provided by the Funding Vehicle to the Credit Parties to finance the Project Costs, in part;

**WHEREAS** Muskrat has agreed to provide security to the Collateral Agent, for the benefit of the GAA Finance Parties, to secure the Muskrat /LTA Secured Obligations;

**WHEREAS** in consideration of the issuance of the Federal Loan Guarantee and as security for its repayment indemnity and other obligations it has undertaken towards Canada, the Funding Vehicle has executed the FV Security Documents creating Liens on all its Assets including its rights in the Collateral Mortgage Bonds issued by the Credit Parties in favour of the Collateral Agent, for the benefit of Canada;

**WHEREAS** pursuant to the terms of the Collateral Agency Agreement, the Collateral Agent must act in accordance with the Requisite Instructions and in the event of any conflict in the

## GUARANTEE AGREEMENT (MFESA) – PAGE 7

Requisite Instructions received, the Collateral Agent is required to act in accordance with the instructions of Canada;

**WHEREAS** it is a condition precedent to the financing to be made available to Muskrat under the Muskrat /LTA Project Finance Documents that this Guarantee Agreement be provided by NL Crown to the Collateral Agent, for and on behalf of the GAA Finance Parties, to secure the payment by Nalcor of the MF Guaranteed Obligations arising under the MFESA;

**WHEREAS** NL Crown is authorized to execute this Agreement and perform its obligations hereunder pursuant to Sections 25 and 27 of the *Energy Corporation Act* (NL);

**WHEREAS** under and pursuant to Order-in-Council <█>, the Minister of Finance is authorized for and on behalf of NL Crown to execute this Guarantee Agreement issued pursuant to Sections 25 and 27 of the *Energy Corporation Act* (NL);

**WHEREAS** the financing under the Muskrat/LTA Project Finance Documents is being made available to Muskrat in reliance upon the covenants and agreements of NL Crown set forth herein;

**NOW THEREFORE THIS GUARANTEE AGREEMENT WITNESSETH** that in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

## ARTICLE 21

### INTERPRETATION

#### 21.1 Definitions

The capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them from time to time in the master definitions agreement dated <@>, 2013 entered into among, inter alia, the Collateral Agent, the Lead Arranger, Canada, the Funding Vehicle and the MF Parties (the "**Master Definitions Agreement**"). The rules of interpretation set forth in Article 1 of the Master Definitions Agreement apply to this Guarantee for MF Equity Support Agreement as if at length recited herein.

#### 21.2 Recitals

The recitals of this Agreement shall form an integral part hereof as if at length recited herein.

#### 21.3 Headings

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "**Guarantee for MF Equity Support Agreement**", "**this Guarantee for MF Equity Support Agreement**", "**this Guarantee Agreement**", "**this Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions refer to this Agreement and not to any

particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

#### 21.4 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of NL and the federal Laws of Canada applicable therein and all actions, suits and proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

#### 21.5 **Time**

Time shall be of the essence of this Agreement.

### ARTICLE 22

#### GUARANTEE

#### 22.1 **Guarantee**

The Guarantor hereby irrevocably and absolutely guarantees to the Collateral Agent, for and on behalf of the GAA Finance Parties, the due and punctual payment of all the MF Guaranteed Obligations at the times, in the currencies and in the manner provided for in the MFESA, subject to the provisions of Sections 18.3 and 2.9.

#### 22.2 **Nature of Guarantee**

The obligations of the Guarantor hereunder are and shall be irrevocable, absolute, present and continuing and constitute a guarantee of payment and not merely a guarantee of collection. Subject to the provisions of Sections 18.3 and 2.9, as and by way of indemnity, the Guarantor shall irrevocably and absolutely pay to the Collateral Agent or deposit directly in the Muskrat Project Funding Account or LRA, as applicable, all such amounts as shall be required from time to time to ensure that the full amount of the MF Guaranteed Obligations are paid or deposited regardless of (a) the unenforceability or invalidity of the MF Guaranteed Obligations or any failure by Nalcor to duly and punctually pay in full the MF Guaranteed Obligations when due, (b) any loss of any right of the Collateral Agent or the GAA Finance Parties against Nalcor in respect of the MF Guaranteed Obligations for any reason whatsoever, including by operation of any bankruptcy, insolvency or similar such laws, any laws affecting creditors' rights generally or general principles of equity and (c) any act or omission of the Collateral Agent in connection with the enforcement of any of the rights of the Collateral Agent against Nalcor.

### 22.3 **NL Crown MF Payment Demand**

22.3.1 If Muskrat fails to issue a MF Cash Call Notice in accordance with the provisions of Section 2.2 of the MFESA as and when required therein:

22.3.1.1 in connection with the MF Base Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule B, that NL Crown pay to the Collateral Agent for deposit to the Muskrat Project Funding Account (or deposit directly in the Muskrat Project Funding Account) an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.3 of the MFESA has been made, the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.3 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.3 of the MFESA has been made, the difference between the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.3 of the MFESA and the deposit in the Muskrat Project Funding Account that has been made;

22.3.1.2 in connection with the MF Contingency Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule C, that NL Crown pay to the Collateral Agent for deposit to the Muskrat Project Funding Account (or deposit directly in the Muskrat Project Funding Account) an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.4 of the MFESA has been made, the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.4 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.4 of the MFESA has been made, the difference between the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.4 of the MFESA and the deposit in the Muskrat Project Funding Account that has been made;

22.3.1.3 in connection with the MF DSRA Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule D, that NL Crown pay to the Collateral Agent for deposit in the Muskrat Project Funding Account for release and deposit into the DSRA an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the MFESA has been made, the deposit that should have been made pursuant to Section 2.5 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the MFESA has been made, the difference between the deposit that should have been made pursuant to Section 2.5 of the MFESA and the deposit that has been made;

22.3.1.4 in connection with the MF LRA Equity Commitment, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule E, that NL Crown pay to the Collateral Agent for deposit to the LRA (or deposit directly in the LRA) an amount equal to (i) where no deposit required to be made in the LRA pursuant to Section 2.6 of the MFESA has been made, the deposit in the LRA that should have been made pursuant to Section 2.6 of the MFESA and (ii) where only a portion of the deposit required to be made in the LRA pursuant to Section 2.6 of the MFESA has been made, the difference between the deposit in

## GUARANTEE AGREEMENT (MFESA) – PAGE 10

the LRA that should have been made pursuant to Section 2.6 of the MFESA and the deposit in the LRA that has been made;

22.3.2 If the amount required to be deposited in the Muskrat Project Funding Account by:

22.3.2.1 any Required MF Base Equity Contribution Date as provided in Section 2.3 of the MFESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule B, that NL Crown pay to the Collateral Agent for deposit to the Muskrat Project Funding Account (or deposit directly in the Muskrat Project Funding Account) an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.3 of the MFESA has been made, the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.3 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.3 of the MFESA has been made, the difference between the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.3 of the MFESA and the deposit in the Muskrat Project Funding Account that has been made;

22.3.2.2 any Required MF Contingency Equity Contribution Date as provided in Section 2.4 of the MFESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule C, that NL Crown pay to the Collateral Agent for deposit to the Muskrat Project Funding Account (or deposit directly in the Muskrat Project Funding Account) an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.4 of the MFESA has been made, the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.4 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account pursuant to Section 2.4 of the MFESA has been made, the difference between the deposit in the Muskrat Project Funding Account that should have been made pursuant to Section 2.4 of the MFESA and the deposit in the Muskrat Project Funding Account that has been made;

22.3.3 If the amount required to be deposited in the Muskrat Project Funding Account for release and deposit in the DSRA as provided in Section 2.5 of the MFESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule D, that NL Crown pay to the Collateral Agent for deposit in the Muskrat Project Funding Account for release and deposit into the DSRA an amount equal to (i) where no deposit required to be made in the Muskrat Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the MFESA has been made, the deposit in the DSRA that should have been made pursuant to Section 2.5 of the MFESA and (ii) where only a portion of the deposit required to be made in the Muskrat Project Funding Account for release and deposit into the DSRA pursuant to Section 2.5 of the MFESA has been made, the difference between the deposit that should have been made pursuant to Section 2.5 of the MFESA and the deposit that has been made;

22.3.4 If the amount required to be deposited in the LRA as provided in Section 2.6 of the MFESA is not deposited therein by such date, the Collateral Agent may demand, by issuing a demand to NL Crown in the form of Schedule E, that NL Crown pay to the Collateral

Agent for deposit to the LRA (or deposit directly in the LRA) an amount equal to (i) where no deposit required to be made in the LRA pursuant to Section 2.6 of the MFESA has been made, the deposit in the LRA that should have been made pursuant to Section 2.6 of the MFESA and (ii) where only a portion of the deposit required to be made in the LRA pursuant to Section 2.6 of the MFESA has been made, the difference between the deposit in the LRA that should have been made pursuant to Section 2.6 of the MFESA and the deposit in the LRA that has been made;

22.3.5 NL Crown covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that by no later than 3:00 p.m. on the fifth Business Day following its receipt of any MF NL Crown Payment Demand, it shall deposit an amount equal to the MF NL Crown Contribution to the Muskrat Project Funding Account or the LRA, as the case may be, or pay the MF NL Crown Contribution to the Collateral Agent, to be deposited by the Collateral Agent forthwith upon receipt to the Muskrat Project Funding Account or the LRA, or released for deposit into the DSRA, as the case may be. The Collateral Agent hereby agrees to deposit to the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be, any amount so received forthwith upon receipt.

#### 22.4 Conditions to NL Crown MF Payment Demand

In each MF NL Crown Payment Demand issued under this Agreement, the Collateral Agent shall:

22.4.1 specify the amount of the MF NL Crown Contribution required to be made, the date by which it is required to be made and whether and why it is to be deemed to be made under the MF Base Equity Commitment, MF Contingency Equity Commitment, MF DSRA Equity Commitment or MF LRA Equity Commitment, as the case may be;

22.4.2 acknowledge, covenant and agree (and the Collateral Agent hereby acknowledges, covenants and agrees in respect of each MF NL Crown Payment Demand issued under this Agreement) that:

22.4.2.1 each MF NL Crown Contribution paid by NL Crown to the Collateral Agent under the MF Base Equity Commitment shall be deposited forthwith in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs, to be paid therewith as contemplated in the MF NL Crown Payment Demand issued by the Collateral Agent;

22.4.2.2 each MF NL Crown Contribution paid by NL Crown to the Collateral Agent under the MF Contingency Equity Commitment shall be deposited forthwith in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of Cost Variances, to be paid therewith as contemplated in the MF NL Crown Payment Demand issued by the Collateral Agent;

22.4.2.3 the MF NL Crown Contribution paid by NL Crown to the Collateral Agent under the MF DSRA Equity Commitment shall be deposited forthwith in the DSRA and shall be used exclusively to fund Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date, to be funded

## GUARANTEE AGREEMENT (MFESA) – PAGE 12

therewith as contemplated in the MF NL Crown Payment Demand issued by the Collateral Agent;

22.4.2.4 the MF NL Crown Contribution paid by NL Crown to the Collateral Agent under the MF LRA Equity Commitment shall be deposited forthwith in the LRA and shall be used exclusively to fund 85% of the Minimum LRA Requirement as at the Commissioning Date, to be funded therewith as contemplated in the MF NL Crown Payment Demand issued by the Collateral Agent;

22.4.2.5 the Collateral Agent shall only release any MF NL Crown Contribution under the MF Base Equity Commitment from the Muskrat Project Funding Account concurrently with the release from the Muskrat Project Funding Account of the MF Debt Rateable Share of the MF Project Costs to which such MF NL Crown Payment Demand relates. Even if an Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release any such MF NL Crown Contribution from the Muskrat Project Funding Account until such MF Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above;

22.4.2.6 the Collateral Agent shall only release the MF NL Crown Contribution under the MF DSRA Equity Commitment for deposit into the DSRA concurrently with the deposit of Muskrat's Project Rateable Share of the MF Debt Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date into the DSRA. Even if an Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release such MF NL Crown Contribution until such MF Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above;

22.4.2.7 subject to clause 14.4.2.9, under no circumstance shall any MF NL Crown Contribution under the MF Base Equity Commitment be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith;

22.4.2.8 subject to clause 14.4.2.9, under no circumstance shall any MF NL Crown Contribution under the MF Contingency Equity Commitment be used to fund anything other than the MF Equity Rateable Share of the Cost Variances intended to be paid therewith;

22.4.2.9 under no circumstance shall the MF NL Crown Contribution under the MF DSRA Equity Commitment be used to fund anything other than Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

22.4.2.10 under no circumstance shall the MF NL Crown Contribution under the MF LRA Equity Commitment be used to fund anything other than 85% of the Minimum LRA Requirement as at the Commissioning Date; and

22.4.2.11 to the extent that Debt Service is required to be funded by any MF NL Crown Contribution under the MF Base Equity Commitment or MF Contingency Equity

Commitment, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are then due and outstanding and that constitute MF Project Costs or Cost Variances, as the case may be, and to the extent any scheduled instalments of principal of the Indebtedness of Muskrat under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts) (the undertakings in clauses 14.4.2.6 to 14.4.2.9 are collectively referred to as the "MF NL Payment Conditions").

**[NOTE TO DRAFT: This provision has been drafted on the presumption that the Collateral Agent will act as paying agent to release to Muskrat from the Muskrat Project Funding Account the Debt Rateable Share and the Equity Rateable Share of Project Costs or Cost Variances deposited therein and that it will be in a position to ascertain whether the required amounts have been deposited.]**

#### 22.5 Prima Facie Evidence

NL Crown hereby acknowledges and agrees that any amount set forth by the Collateral Agent in any MF NL Crown Payment Demand as being the amount required to be paid by it pursuant to the provisions hereof shall constitute *prima facie* evidence of the amount which, as of the date of any such MF NL Crown Payment Demand, is due and payable by NL Crown pursuant to the provisions hereof. Notwithstanding the foregoing, where at any time NL Crown has paid any amount set forth by the Collateral Agent in any MF NL Crown Payment Demand, or any other amount, and it is demonstrated at a later date that such payment was in excess of the amount required to be paid by NL Crown pursuant to the provisions hereof, then the amount of such excess payment shall be repaid to NL Crown, to the extent that it has not at such time already been used to pay for MF Project Costs or Cost Variances.

#### 22.6 Failure to Pay

If by the fifth Business Day following the issuance by the Collateral Agent of a MF NL Crown Payment Demand, the amount specified in the MF NL Crown Payment Demand or required to be deposited in the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be, is not deposited in such account or paid to the Collateral Agent for deposit to such account, the Collateral Agent shall thereupon be entitled to exercise all Rights, Remedies and/or Recourses then available to it against NL Crown in order to obtain payment of such amount, it being expressly agreed that any payment by NL Crown of the amount so demanded shall be subject to the MF NL Payment Conditions being met as provided in Section 0. Any amount payable by the NL Crown pursuant to a MF NL Crown Payment Demand which is not paid within five (5) Business Days following the issuance of such MF NL Crown Payment Demand as herein provided will bear interest from and including such fifth Business Day until paid in full at the rate expressed to be payable on the debt of Muskrat under the Muskrat/LTA Project Finance Documents. Any interest paid by the NL Crown under the terms of this Section shall constitute an equity investment by Nalcor in Muskrat and shall be deposited in the Muskrat Project Funding Account and shall be applied to defray the next following Nalcor MF Contribution required to be made under the terms of the MFESA.



**22.7 Withholding**

All amounts payable by the Guarantor under this Guarantee Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Guarantor is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Guarantor shall pay to the Collateral Agent such additional amount as is necessary to ensure that the GAA Finance Parties receive and retain (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise payable hereunder, net of any such taxes, charges, fees, levies, duties or withholdings.

**22.8 Postponed Subrogation**

The Guarantor shall not be subrogated to any right of the Collateral Agent until all the MF Guaranteed Obligations are paid in full as provided in Sections 14.3 and 2.9. Thereafter, the Guarantor (i) shall be subrogated to the rights of the Collateral Agent under, pursuant to and otherwise in respect of the MFESA and (ii) may require the Collateral Agent to assign to it any of its rights then remaining under the MFESA with respect to the MF Guaranteed Obligations, but any such assignment shall be without representation or warranty by, or recourse against, the Collateral Agent.

**22.9 Set-Off**

The Guarantor hereby acknowledges and agrees that vis-à-vis the Collateral Agent and the GAA Finance Parties it has no available remedy of set-off. Accordingly, each payment to be made by the Guarantor hereunder in respect of the MF Guaranteed Obligations shall be made as required in whole without application of the right of set-off. Each payment to be made by the Guarantor hereunder in respect of its MF Guaranteed Obligations shall be made without regard to any equities between or among any of the MF Parties, the Guarantor, the Collateral Agent and the GAA Finance Parties and without counterclaim, reduction, recoupment, retention or diminution of any kind or nature (including as a result of any defence, right of action, recoupment, retention or counterclaim of any nature that the Guarantor or any other MF Parties may have or have had against any of the MF Parties, the GAA Finance Parties or any other Person).

**22.10 Imputation of moneys received in reduction of MF Guaranteed Obligations**

Notwithstanding every legal rule concerning the imputation of payments, all sums of money received by the Collateral Agent from the Guarantor pursuant to the provisions of this Article 14 shall be applied only as provided in Sections 14.3 and 2.9.

**22.11 Irregularity**

Any obligation of Nalcor to make investments by way of equity under the MFESA shall be considered as being part of the MF Guaranteed Obligations, notwithstanding any lack of capacity, irregularity, defect or flaw in the creation or continuance of such obligation, whether or not the Collateral Agent was aware of the same, it being expressly understood that any such obligation which cannot be recovered from the Guarantor as guarantor hereunder by reason of any voidness of the principal obligation may be recovered from the Guarantor under the

indemnity contained in Section 14.2 and shall be payable to the Collateral Agent upon demand therefor by the Collateral Agent in accordance with Sections 14.3 and 2.9.

**22.12 No Release of Guarantor**

Until the MF Guaranteed Obligations have been paid in full as set forth in Sections 14.3 and 2.9, the obligations of the Guarantor hereunder shall not be reduced, limited or terminated, nor shall the Guarantor be discharged from any obligation hereunder for any reason whatsoever, including, but not limited to (whether or not the same shall have occurred or failed to occur once or more than once and, in the case of extensions of time for payment, observance or performance of obligations, whether such extensions or any of them are for periods longer than the respective periods then specified therefor and whether or not the Guarantor shall have received notice thereof or assented thereto):

22.12.1 any extension of the time for payment, observance or performance, or any other amendment or modification of any of the terms and conditions of the MF Guaranteed Obligations or the Muskrat/LTA Project Finance Documents;

22.12.2 any composition or settlement (whether by way of release, acceptance of a plan of reorganization or otherwise) of the MF Guaranteed Obligations;

22.12.3 any failure to exercise, delay in the exercise of, exercise or waiver of, or forbearance or other indulgence with respect to any Rights, Remedies and/or Recourses available to any of the GAA Finance Parties or the Collateral Agent, including but not limited to:

22.12.3.1 any exercise of or failure to exercise any right of set-off, counterclaim, reduction, recoupment or retention;

22.12.3.2 any election of Rights, Remedies and/or Recourses effected by any of them;

22.12.3.3 any subordination by operation of Law, whether present or future, of any or all of the MF Guaranteed Obligations; and

22.12.4 any other act or failure to act which varies the risks of the Guarantor hereunder or, but for the provisions hereof, under the terms of any Law, would operate to reduce, limit or terminate the obligations of the Guarantor from any obligation hereunder.

**22.13 Certain Waivers.**

The Guarantor hereby waives:

22.13.1 except as set forth in Section 14.3, any requirement and any right to require, that any power be exercised or any action be taken against Nalcor or any other guarantor or any collateral for any of the MF Guaranteed Obligations;

22.13.2 any and all defences to and counterclaims, reductions, retentions and claims of recoupment against any and all of the MF Guaranteed Obligations that may at any time be

available to Nalcor or any other guarantor. As regards set-offs, the Guarantor confirms the acknowledgement contained in Section 14.9;

22.13.3 any notice of acceptance of the incurrence or renewal of any MF Guaranteed Obligations;

22.13.4 all notices which may be required by Law to preserve any rights against the Guarantor hereunder including, but not limited to, any notice of default, demand, dishonour, presentment, noting of protest and protest;

22.13.5 diligence;

22.13.6 any defence based upon, arising out of or in any way related to:

22.13.6.1 any claim that any election of remedies by the Collateral Agent impaired, reduced, released or extinguished any rights that the Guarantor might otherwise have had against Nalcor or any other guarantor;

22.13.6.2 any claim that the MF Guaranteed Obligations should be strictly construed against the Collateral Agent; and

22.13.6.3 any and all other defences related to the MF Guaranteed Obligations save and except for the receipt by the Collateral Agent of payment in full of the MF Guaranteed Obligations.

22.14 **No Release in Event of Bankruptcy**

No settlement or discharge of the MF Guaranteed Obligations shall be effective if any payment by the Guarantor in respect thereof is avoided or reduced by virtue of any provision or enactment relating to any Insolvency Laws, Fraudulent Conveyance Laws or similar laws of general application from time to time, and if such payment is so avoided or reduced, the Collateral Agent shall be entitled to recover the amount of such payment as if such settlement or discharge had not occurred.

22.15 **Additional Security**

This Guarantee Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Collateral Agent or a GAA Finance Party.

22.16 **Reasonableness of Waivers, Renunciations, Declarations and Authorizations**

The Guarantor agrees that each of the waivers, renunciations, declarations and authorizations set forth in this Guarantee Agreement is made with full knowledge of its significance and consequences and if any of such waivers, renunciations, declarations and authorizations is determined to be contrary to any Law or public policy, the Guarantor and the Collateral Agent agree that such waivers, renunciations, declarations and authorizations shall be effective only to the maximum extent permitted by Law.

**22.17 Authority to Modify MF Guaranteed Obligations**

The Guarantor expressly authorizes the Collateral Agent, at any time and from time to time, without notice and without affecting the liability of the Guarantor hereunder, to:

22.17.1 change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, suspend or waive the terms of all or any part of the MF Guaranteed Obligations and any security and guarantees therefor;

22.17.2 accept new or additional instruments, documents, agreements, security or guarantees in connection with all or any part of the MF Guaranteed Obligations;

22.17.3 accept partial payments on the MF Guaranteed Obligations;

22.17.4 waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the MF Guaranteed Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Collateral Agent (for the benefit of the GAA Finance Parties) in its discretion may determine, subject to and in accordance with the provisions of Section 14.4; and

22.17.5 otherwise change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, suspend or waive the provisions of the MFESA or any of the Muskrat/LTA Project Finance Documents.

**22.18 No Requirement to Exhaust Recourses**

Neither the Collateral Agent nor any GAA Finance Party shall be bound to seek or exhaust its recourses or remedies against Muskrat or Nalcor, any other guarantor or any other person nor to enforce, marshal or value any Liens before the Collateral Agent, for and on behalf of the GAA Finance Parties, is entitled to payment under this Guarantee Agreement.

**ARTICLE 23****THE COLLATERAL AGENT****23.1 The Collateral Agent**

This Guarantee Agreement is made in favour of the Collateral Agent in its capacity as Collateral Agent for the GAA Finance Parties in accordance with the provisions of the Collateral Agency Agreement. Accordingly, in the event of a new collateral agent being appointed under the Collateral Agency Agreement, such new collateral agent shall thereupon become and be the collateral agent hereunder, but nevertheless, the Collateral Agent shall forthwith assign, transfer and make over to the new collateral agent hereunder this Guarantee Agreement. All provisions of the Collateral Agency Agreement for the protection of the Collateral Agent or for facilitating the administration of the trusts or otherwise relating to the Collateral Agent shall apply *mutatis mutandis* to this Guarantee Agreement and the Collateral Agent's duties hereunder.

23.2 **Acceptance of Trust**

The Collateral Agent hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new collateral agent shall be appointed as set forth in Section 15.1.

23.3 **Acknowledgment of Guarantor**

The Guarantor acknowledges and consents (i) to the recitals herein, (ii) to the issuance of the Collateral Mortgage Bonds to the Collateral Agent, for the benefit of Canada and the other GAA Finance Parties, as the case may be, and (iii) that the Collateral Mortgage Bonds will be held for Canada by the Collateral Agent and that pursuant to the terms of the Collateral Agency Agreement, Canada may direct the Collateral Agent including as to the issuance of a MF NL Crown Payment Demand.

**ARTICLE 24**

**GENERAL PROVISIONS**

24.1 **Notices**

Any MF NL Crown Payment Demand, notice or other communication contemplated to be given by the Collateral Agent or NL Crown under this Guarantee Agreement shall be in writing and delivered personally or by courier or mailed by registered mail, postage prepaid and return receipt requested, to the applicable address set out below or to such other address as a party hereto may from time to time designate to the other parties set out below in such manner:

(g) if to the Collateral Agent: <@>

Attention: <@>

(h) if to NL Crown: <@>

Attention: <@>

(i) if to Canada: <@>

Attention: <@>

Notices given by personal delivery, by courier or mail shall be effective upon actual receipt.

24.2 **Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon NL Crown, the Collateral Agent and the GAA Finance Parties and their respective successors and assigns provided, however, that no assignment or transfer of any rights hereunder may be made by NL Crown without the prior written consent of the Collateral Agent. Furthermore, no assignment or transfer of any rights hereunder may be made by the Collateral Agent without the prior written consent of

NL Crown, other than to a successor Collateral Agent in accordance with the provisions of the Collateral Agency Agreement.

#### 24.3 **Amendments and Waivers**

The rights and remedies of the Collateral Agent under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have and no failure or delay by the Collateral Agent in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended only with the written consent of NL Crown and the Collateral Agent, acting in accordance with the Requisite Instructions, and such amendment shall be binding upon all of the parties hereto, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Collateral Agent, acting in accordance with the Requisite Instructions, and such waiver shall be binding upon all of the GAA Finance Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

#### 24.4 **Execution**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

#### 24.5 **Severability**

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that (a) the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and (b) the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby

#### 24.6 **Entire Agreement**

With respect to the obligations of NL Crown hereunder, this Agreement constitutes the entire agreement among the parties hereto.

#### 24.7 **Expenses**

The Guarantor agrees to pay all duly documented reasonable out-of-pocket costs and expenses, including reasonable attorneys' fees, which may be incurred by the Collateral Agent or the GAA Finance Parties in any effort to collect or enforce any of the obligations of the Guarantor hereunder.

24.8 **Acknowledgment**

The Guarantor hereby acknowledges that it has received and taken cognizance of an original executed copy of this Agreement, the MFESA and the Muskrat/LTA Project Finance Documents in force on the date hereof and is familiar with all the provisions thereof.

24.9 **Term of Agreement**

The obligations of the Guarantor under the provisions of this Agreement shall terminate on the Termination Date provided that the MF Guaranteed Obligations have been paid in full.

**[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]**

GUARANTEE AGREEMENT (MFESA) – SIGNATURE PAGE

**IN WITNESS WHEREOF** the parties hereto have executed this agreement as of the date set out at the commencement of this Guarantee Agreement.

**HER MAJESTY THE QUEEN IN RIGHT  
OF THE PROVINCE OF  
NEWFOUNDLAND AND LABRADOR, as  
represented by the Minister of Finance**

Per: \_\_\_\_\_  
Name:  
Title:



GUARANTEE AGREEMENT (MFESA) – SIGNATURE PAGE

,  
AS COLLATERAL AGENT

Per: \_\_\_\_\_

## SCHEDULE "A"

MF NL CROWN MF PAYMENT DEMAND IN CONNECTION  
WITH PROJECT COSTS

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

<■>

Attention: <■>

Gentlemen,

We refer you to that certain guarantee agreement relating to the MFESA dated as of <■>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and [<■>Collateral Agent<■>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "MFESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the MFESG).

Pursuant to clause [2.3.1.1/2.3.2.1] of the MFESG, we hereby request that you pay to us for deposit to, or directly deposit to, the Muskrat Project Funding Account an amount of not less than <■> (the "Required Contribution ") by no later than <■> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the MF NL Crown Payment Demand.]. The Required Contribution will be used to pay the MF Equity Rateable Share of MF Project Costs to be paid with the required applicable MF Base Equity Contribution and will therefore be deemed to be made under the MF Base Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the Muskrat Project Funding Account is expressly subject to the following conditions:

1. the Required Contribution shall be deposited in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs referred to in the preceding paragraph;
2. the Collateral Agent shall only release the Required Contribution from the Muskrat Project Funding Account concurrently with the release from the Muskrat Project Funding

SCHEDULE A- PAGE 2  
GUARANTEE AGREEMENT (MFESA)

Account of the MF Debt Rateable Share of the MF Project Costs to which this MF NL Crown Payment Demand relates. Even if an Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release the Required Contribution from the Muskrat Project Funding Account until such MF Debt Rateable Share has been deposited therein and the Collateral Agent can make the concurrent release referred to above; .

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that:

- 5. Subject to paragraph 2 below, under no circumstance shall any part of the Required Contribution be used to fund anything other than the MF Equity Rateable Share of the MF Project Costs intended to be paid therewith;
- 3. to the extent that Debt Service is required to be funded by the Required Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are due and outstanding and that constitute MF Project Costs, and to the extent any scheduled instalments of principal of the Indebtedness of Muskrat under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

The wire transfer instructions for payments to be made by you directly to the Muskrat Project Funding Account are as follows:

<■>

Yours truly,

<■>,  
as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Muskrat Falls Corporation

## SCHEDULE "B"

MF NL CROWN PAYMENT DEMAND IN CONNECTION WITH COST VARIANCES

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

<■>

Attention: <■>

Gentlemen,

We refer you to that certain guarantee agreement relating to the MFESA dated as of <■>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and [<■>Collateral Agent<■>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "MFESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the MFESG).

Pursuant to clause [2.3.1.2/2.3.2.2] of the MFESG, we hereby request that you pay to us for deposit to, or directly deposit to, the Muskrat Project Funding Account an amount of not less than <■> (the "Required Contribution ") by no later than <■> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the MF NL Crown Payment Demand.]. The Required Contribution will be used to pay the MF Equity Rateable Share of Cost Variances to be paid with the required applicable MF Contingency Equity Contribution and will therefore be deemed to be made under the MF Contingency Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the Muskrat Project Funding Account is expressly subject to the condition that the Required Contribution shall be deposited in the Muskrat Project Funding Account and shall be used exclusively to pay the MF Equity Rateable Share of the MF Project Costs referred to in the preceding paragraph.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that:

6. Subject to paragraph 2 below, under no circumstance shall any part of the Required Contribution be used to fund anything other than the MF Equity Rateable Share of the Cost Variances intended to be paid therewith;

SCHEDULE B— PAGE 2  
GUARANTEE AGREEMENT (MFESA)

- 4. to the extent that Debt Service is required to be funded by the Required Contribution, then only such portion of Debt Service shall be so funded as constitutes interest and fees that are due and outstanding and that constitute Cost Variances, and to the extent any scheduled instalments of principal of the Indebtedness of Muskrat under the Muskrat/LTA Project Finance Documents are due and outstanding, such scheduled instalments of principal, but expressly excluding any accelerated amounts (and interest and fees relating to accelerated amounts).

The wire transfer instructions for payments to be made by you directly to the Muskrat Project Funding Account are as follows:



Yours truly,



as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Muskrat Falls Corporation

## SCHEDULE "C"

**MF NL CROWN PAYMENT DEMAND IN CONNECTION  
WITH THE MINIMUM DSRA REQUIREMENT**

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

<█>

Attention: <█>

Gentlemen,

We refer you to that certain guarantee agreement relating to the MFESA dated as of <█>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and [<█>Collateral Agent<█>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "MFESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the MFESG).

Pursuant to clause [2.3.1.3/2.3.3] of the MFESG, we hereby request that you pay to us for deposit to, or directly deposit to, the DSRA an amount of not less than <█> (the "Required Contribution ") by no later than <█> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the MF NL Crown Payment Demand.]. The Required Contribution will be used to fund in the DSRA Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date and will therefore be deemed to be made under the MF DSRA Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution in the Muskrat Project Funding Account for release and deposit into the DSRA is expressly subject to the following conditions:

7. the Required Contribution shall be deposited in the Muskrat Project Funding Account for release and deposit into the DSRA and shall be used exclusively to fund Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date referred to in the preceding paragraph;

SCHEDULE C- PAGE 2  
GUARANTEE AGREEMENT (MFESA)

- 5. the Collateral Agent shall only release the Required Contribution for deposit into the DSRA concurrently with the deposit of Muskrat's Project Rateable Share the MF Debt Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date into the DSRA. Even if an Event of Default or acceleration of the amounts owed by Muskrat under the Muskrat/LTA Project Finance Documents has occurred, the Collateral Agent shall not release the Required Contribution until such MF Debt Rateable Share has been made available to the Collateral Agent and the Collateral Agent can make the concurrent deposit referred to above.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that under no circumstance shall any part of the Required Contribution be used to fund anything other than Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date.

The wire transfer instructions for payments to be made by you directly to the Muskrat Project Funding Account are as follows:



Yours truly,



as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Muskrat Falls Corporation

FASKEN DRAFT  
dated October 31, 2013

SCHEDULE "D"

MF NL CROWN PAYMENT DEMAND IN CONNECTION  
WITH THE MINIMUM LRA AMOUNT

Date:

HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF NEWFOUNDLAND AND  
LABRADOR

<[REDACTED]>

Attention: <[REDACTED]>

Gentlemen,

We refer you to that certain guarantee agreement relating to the MFESA dated as of <[REDACTED]>, 2013 entered into between Her Majesty the Queen in Right of the Province of Newfoundland and Labrador and [<[REDACTED]>Collateral Agent<[REDACTED]>] (the said agreement, as amended, supplemented, restated, replaced or otherwise modified at any time and from time to time, is herein referred to as the "MFESG").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Master Definitions Agreement (as defined in the MFESG).

Pursuant to clause [2.3.1.4/2.3.4] of the MFESG, we hereby request that you pay to us for deposit to, or directly deposit to, the LRA an amount of not less than <[REDACTED]> (the "Required Contribution ") by no later than <[REDACTED]> [NOTE: Specify the date by which the Required Contribution is to be made, i.e. the fifth Business Day following receipt by NL Crown of the MF NL Crown Payment Demand.]. The Required Contribution will be used to fund in the LRA 85% of the Minimum LRA Requirement as at the Commissioning Date and will therefore be deemed to be made under the MF LRA Equity Commitment.

The Collateral Agent hereby acknowledges, covenants and agrees that the payment to us for deposit or the direct deposit by NL Crown of the Required Contribution to the LRA is expressly subject to the condition that the Required Contribution shall be deposited in the LRA and shall be used exclusively to fund 85% of the Minimum LRA Requirement as at the Commissioning Date referred to in the preceding paragraph.

Moreover, the Collateral Agent hereby acknowledges, covenants and agrees that under no circumstance shall any part of the Required Contribution be used to fund anything other than 85% of the Minimum LRA Requirement as at the Commissioning Date.



SCHEDULE C- PAGE 2  
GUARANTEE AGREEMENT (MFESA)

The wire transfer instructions for payments to be made by you directly to the LRA are as follows:



Yours truly,



as Collateral Agent

Per: \_\_\_\_\_

Per: \_\_\_\_\_

c.c. Nalcor Energy  
Muskrat Falls Corporation

Annex D

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**MASTER DEFINITIONS AGREEMENT**

**AMONG**

**[REDACTED] COLLATERAL AGENT [REDACTED],**  
**as Collateral Agent and Lead Arranger**

**AND**

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA,**  
**as a GAA Finance Party**

**AND**

**[REDACTED]**  
**as Issuer Trustee of**  
**MUSKRAT FALLS/LABRADOR TRANSMISSION ASSETS FUNDING TRUST,**  
**as a GAA Finance Party**

**AND**

**[REDACTED]**  
**as Muskrat/LTA Security Trustee and FV Security Trustee**

**AND**

**NALCOR ENERGY**  
**as the Contributing Party**

**AND**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND**  
**LABRADOR**  
**as Guarantor of the Contributing Party**

**AND**

**MUSKRAT FALLS CORPORATION,**  
**as a Credit Party**

**AND**

**LABRADOR TRANSMISSION CORPORATION,**  
**as a Credit Party**

SCHEDULE C- PAGE 4  
GUARANTEE AGREEMENT (MFESA)

DATED AS OF , 2013

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**THIS MASTER DEFINITIONS AGREEMENT** is made as of <[REDACTED]>, 2013

**AMONG:** [REDACTED], as Collateral Agent and Lead Arranger

**AND:** **HER MAJESTY THE QUEEN IN RIGHT OF CANADA**, as a GAA Finance Party

**AND:** [REDACTED], as Issuer Trustee of **MUSKRAT FALLS/LABRADOR TRANSMISSION ASSETS FUNDING TRUST**, as a GAA Finance Party

**AND:** [REDACTED], as Muskrat Falls/LTA Security Trustee and FV Security Trustee

**AND:** **NALCOR ENERGY**, as the Contributing Party

**AND:** **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR**, as Guarantor of the Contributing Party

**AND:** **MUSKRAT FALLS CORPORATION**, as a Credit Party

**AND:** **LABRADOR TRANSMISSION CORPORATION**, as a Credit Party

**WITNESSETH THAT:**

**WHEREAS** the parties hereto have entered into the Muskrat/LTA Project Finance Documents and the Guarantee Transaction Documents to which they are respectively party and have agreed to consolidate the definitions required for such documents in this Agreement;

**AND WHEREAS** it is a condition precedent under the Muskrat/LTA Project Finance Agreement and [REDACTED] the GAA [REDACTED] that the parties hereto execute and deliver this Agreement;

**NOW THEREFORE**, in consideration of the mutual covenants herein contained and other good and valuable consideration given by each of the parties hereto, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE 1

### INTERPRETATION

#### 1.1 Definitions

Unless a clear contrary intention appears in a Muskrat/LTA Project Finance Document or a Guarantee Transaction Document, the capitalized terms used in each Muskrat/LTA Project Finance Document and Guarantee Transaction Document shall have the following meanings:

"**Additional Debt**" means (i) operating lines of credit up to a maximum principal amount of CDN\$10,000,000 for Muskrat and Labrador Transco combined and (ii) other [ ] Debt for Borrowed Money [ ] to finance realized Cost Variances prior to Commissioning [ ] and Sustaining Costs following Commissioning; [ ] [NOTE TO DRAFT: To be confirmed.]

"**Additional Material Project Documents**" means the Muskrat Additional Material Project Documents and the LTA Additional Material Project Documents;

"**Administration Agreement**" means the administration agreement dated as of [ ] the date hereof [ ] entered into among the Funding Vehicle, the Administrator, Canada and the Credit Parties;

"**Administrator**" means [ ], in its capacity as administrator to the Funding Vehicle pursuant to the terms of the Administration Agreement;

"**Affected Funds**" has the meaning ascribed to it in Section 11.1 of the Muskrat/LTA Project Finance Agreement;

"**Affiliate**" means, with respect to any Person, any other Person, who directly or indirectly, Controls, is Controlled by or is under direct or indirect common Control with, such Person; provided, however, that NL Crown shall be deemed not to be an Affiliate of Nalcor or any Credit Party;

"**Aggregate Labrador Transco Project Funding Account and Operating Account Balances**" means, as at any time, the aggregate of (i) the balance on deposit at such time in the Labrador Transco Project Funding Account, following the application of paragraphs 4.8.1.2 to 4.8.1.6, inclusively, of the Muskrat/LTA Project Finance Agreement including, for greater certainty, any Income on Account Balances deriving therefrom, and (ii) the portion of the balance on deposit at such time in the Labrador Transco Project Operating Account following the application of paragraph 4.9.2.1 of the Muskrat/LTA Project Finance Agreement that (a) is comprised of Income on Account Balances deriving from any amounts deposited in the Labrador Transco Project Operating Account pursuant to a previous Funding Request or (b) is comprised of the balance of any amounts deposited into the Labrador Transco Project Operating Account pursuant to a previous Funding Request, and that had been so deposited for purposes of funding LTA Project Costs that have since been fully satisfied for a lesser amount at the time of calculation of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances;

**"Aggregate Muskrat Project Funding Account and Operating Account Balances"** means, as at any time, the aggregate of (i) the balance on deposit at such time in the Muskrat Project Funding Account, following the application of paragraphs 4.2.1.2 to 4.2.1.6, inclusively, of the Muskrat/LTA Project Finance Agreement including, for greater certainty, LIL Income on Account Balances deriving therefrom, and (ii) the portion of the balance on deposit at such time in the Muskrat Project Operating Account following the application of paragraph 4.3.2.1 of the Muskrat/LTA Project Finance Agreement that (a) is comprised of Income on Account Balances deriving from any amounts deposited in the Muskrat Project Operating Account pursuant to a previous Funding Request or (b) is comprised of the balance of any amounts deposited into the Muskrat Project Operating Account pursuant to a previous Funding Request, and that had been so deposited for purposes of funding MF Project Costs that have since been fully satisfied for a lesser amount at the time of calculation of the Aggregate Muskrat Project Funding Account and Operating Account Balances;

**"AML Legislation"** has the meaning ascribed to it in subsection 6.27 of the Muskrat/LTA Project Finance Agreement;

**"Annual Maintenance Plan"** has the meaning ascribed to it from time to time (i) in the PPA with respect to Muskrat and the MF Plant, and (ii) in the GIA with respect to Labrador Transco and the LTA;

**"Applicable Law"** means any Law applicable or relating to any specified Person, property, transaction or event or any of such Person's Assets, and any judgment or award of any Governmental Authority in any proceeding or action to which the Person in question is a party or by which such Person or any of its Assets is bound;

**"Assets"** means the property and assets, whether tangible or intangible, personal or real, of a specified Person and (to the extent the context so admits) also includes its business and operations. Wherever reference is made to the Partnership's Assets, such reference shall include the Project and all rights of the Partnership relative thereto;

**"Attributable Debt"** means, with respect to any Person, in connection with any Sale and Leaseback Transaction, at any date as of which the amount thereof is to be determined, the lesser of (i) the fair market value of the property subject to such Sale and Leaseback Transaction (as determined in good faith by the board of directors of such Person) and (ii) the total net amount of rent required to be paid by such Person under the lease which is the subject of such Sale and Leaseback Transaction during the remaining term thereof (including the initial term and any period for which such lease may be renewed or extended) discounted from the respective due dates thereof to such date at the debt rate implicit in such lease per annum compounded annually. The net amount of rent required to be paid under any such lease for any such period shall be the amount of the rent payable by the lessee with respect to such period, after excluding amounts required to be paid on account of maintenance and repairs, insurance, Taxes, assessments, water rates and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated;

**"Authorization"** means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's Assets or from any Person in connection with any contractual right;



**"Available LTA Base Equity Commitment"** means, as at any time, the amount, if any, by which the LTA Base Equity Commitment exceeds the LTA Base Equity Contributions made as at such time;

**"Available MF Base Equity Commitment"** means, as at any time, the amount, if any, by which the MF Base Equity Commitment exceeds the MF Base Equity Contributions made as at such time;

**"Base Block Payment"** has the meaning ascribed thereto from time to time in the PPA;

**"Base Cash Flow"** means, for any period, Contracted Revenues for such period plus, at any time prior to the LRA Release Date, the Liquidity Reserves, less all Cash Operating Costs;

**"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in NL or the Province of Ontario or any other day on which banking institutions in St. John's, NL or Toronto, Ontario are not open for the transaction of business;

**"CA Indemnified Parties"** means the Collateral Agent, its Affiliates, directors, officers, employees, advisers, representatives and agents; [Section 5.10.1 of CAA<];

**"Canada"** means Her Majesty the Queen in Right of Canada;

**"Canada Project Costs and Expenses"** means the reasonable costs and expenses (including all reasonable costs and expenses incurred by Canada under any enforcement proceeding instituted pursuant to any of the Funding Transaction Documents or the Muskrat/LTA Project Finance Documents) due and payable, as well as any indemnity obligations due and payable by Canada to the Collateral Agent pursuant to the Collateral Agency Agreement or by the Funding Vehicle to Canada pursuant to the Funding Transaction Documents; **[NOTE TO DRAFT: Once we have settled the terms of the GAA, in order to avoid creating a priority of payment for the repayment obligations of the Funding Vehicle to Canada pursuant to the indemnity against payments to made under the FLG, we will need to carve out that indemnity from this definition];**

**"Canadian Dollars" or "CDNS"** means the lawful currency of Canada;

**"Capital Account"** means, with respect to each Credit Party, the stated capital account maintained by such Credit Party with respect to its Capital Stock; **[NOTE TO DRAFT: To be confirmed by McInnes Cooper.]**

**"Capital Lease"** means, with respect to any Person, any lease or other arrangement relating to property or assets which, in accordance with GAAP, would be accounted for as a capital lease obligation on a balance sheet of such Person. The amount of any Capital Lease at any date shall

be the amount of the obligation in respect thereof which would be included within such balance sheet;

**"Capital Stock"** means common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, equity preferred or common interests in a limited liability company, limited or general partnership interests in a partnership or any other equivalent such ownership interest;

**"Cash Operating Costs"** means, for any period, all cash costs of the Credit Parties relating to the operation of the Projects during such period including any Taxes, insurance premiums, management and service fees, professional fees and expenses but excluding Total Debt Service paid during such period;

**"Change Order"** means any modification to the scope of work or the contract price pursuant to any Material Project Document which under the terms of subsection 3.1.1 of the PDMA requires the consent of [**█**>either Credit Party<**█**>]; **[NOTE TO DRAFT: To be confirmed further to finalization of the PDMA.]**

**"Clean-Up"** means the remediation, containment, removal, treatment, elimination or disposal of any Hazardous Material;

**"Closing Date"** means the date that the Muskrat/LTA Initial Conditions Precedent, the IT Initial Conditions Precedent and the LIL Initial Conditions Precedent are met to the satisfaction of the Collateral Agent or waived by it;

**"Collateral Agent"** means <**█**>, in its capacity as collateral agent for the GAA Finance Parties pursuant to the Collateral Agency Agreement, and includes any successor thereof in such capacity;

**"Collateral Agent's Counsel"** has the meaning ascribed to it in Section <**█**> of the Muskrat/LTA Project Finance Agreement;

**"Collateral Agent's Office"** means generally, the office of the Collateral Agent located at <**█**>, St. John's, NL or such other office as the Collateral Agent with the agreement of the Credit Parties may specify from time to time;

**"Collateral Agent Standard"** means based on the experience of the Collateral Agent in project financing transactions of nature and magnitude similar to the Projects and taking into account the covenants of Nalcor and NL Crown under the Equity Agreements and as if the Collateral Agent was a direct lender to the Credit Parties;

**"Collateral Mortgage Bond"** means a [<**█**>senior secured bond<**█**>] issued by a Credit Party pursuant to a Security Document;

**"Collateral Mortgage Bond Pledge"** means any pledge agreement in favour of a GAA Finance Party or the Collateral Agent pursuant to the terms of which a Collateral Mortgage Bond is pledged;



[REDACTED] "Commissioning" means, the fulfillment of the following conditions:

- (i) MF Plant Commissioning and LTA Commissioning have occurred;
- (ii) receipt of all Authorizations and Material Project Documents necessary to allow the Projects to operate;
- (iii) all Liens and notices of Lien under the MLA have been satisfied, discharged, vacated or withdrawn as provided in the MLA;
- (iv) no Muskrat/LTA Event of Default has occurred and is continuing;
- (v) receipt by the Collateral Agent of the Annual Maintenance Plan for the first Operating Year of the Projects; and
- (vi) the DSRA has been funded with the Minimum DSRA Requirement as at the Commissioning Date [REDACTED] or an LC has been issued in respect of same [REDACTED];

the whole to the satisfaction of the Collateral Agent and the Independent Engineer and "Commission" and "Commissioning" shall have correlative meanings; [REDACTED] [NOTE TO DRAFT: Nalcor to provide a definition for Commissioning.]

"Commissioning Certificate" means a certificate, substantially in the form of the one attached as Schedule "[REDACTED]" to the Muskrat/LTA Project Finance Agreement, executed by a Responsible Officer of Devco and a Responsible Officer of each Credit Party, in each case in his capacity as an officer of, respectively, Devco and each Credit Party and without personal liability, addressed to the Collateral Agent and the Independent Engineer, in form and substance satisfactory to the Collateral Agent, attesting: [NOTE TO DRAFT: This certificate may be provided by an officer of Devco. To be adjusted to reflect definition of Commissioning.]

- (i) [REDACTED] as to the Hard Costs incurred, by major expense category; [REDACTED]
- (ii) [REDACTED] as to the Soft Costs incurred, by major expense category; [REDACTED]
- (iii) the realized Cost Variances, if any;
- (iv) the Punch List Costs and Demobilization Costs;
- (v) that Commissioning has been achieved (and detailing each of the components of Commissioning) and the Projects have been constructed, in all material respects, in accordance with the Project Plans and Good Utility Practice, save for any Punch List Items and Demobilization List Items;
- (vi) that all Commissioning, interconnection and reliability tests have been performed and met in accordance with the Material Project Documents and the Credit Parties have achieved and maintained the required

specifications and the operating objectives for the Projects pursuant to the Material Project Documents; and

- (vii) that he has no reason to believe that, assuming the proper operation and maintenance of the equipment forming part of the Projects, it will not be able to maintain such required specifications and operating objectives for a period of at least [thirty-five (35) years];

and shall be accompanied with all such supporting documentation and information as will permit the Collateral Agent and the Independent Engineer, in their judgment, to verify the information and calculations given and made in such certificate;

**"Commissioning Confirmation"** has the meaning ascribed thereto in Section 3.7 of the Muskrat/LTA Project Finance Agreement;

**"Commissioning Date"** means the date and time specified on the Commissioning Confirmation, as the date the Conditions Precedent to Commissioning are met to the satisfaction of the Collateral Agent or waived by it;

**"Commissioning Notice"** means a notice substantially in the form set out in Schedule  of the Muskrat/LTA Project Finance Agreement, to be given to the Collateral Agent by the Credit Parties pursuant to Section 3.7 of the Muskrat/LTA Project Finance Agreement;

**"Compliance Certificate"** means a certificate, substantially in the form of the one attached as Schedule "~~@~~" to the Muskrat/LTA Project Finance Agreement, signed by a Responsible Officer of each Credit Party in his capacity as an officer of such Credit Party and without personal liability:

- (i) setting forth the calculations required to establish the Retrospective DSCR and the Prospective DSCR;
- (ii) attesting that all of the terms, covenants and conditions of the Muskrat/LTA Project Finance Agreement and each of the other Muskrat/LTA Project Finance Documents to be performed or complied with by the Credit Parties at or prior to the date thereof have been performed or complied with;
- (iii) attesting that no Muskrat/LTA Event of Default has occurred and is continuing on the date thereof; and
- (iv) attesting that, to the Knowledge of said officer, except as otherwise disclosed to the Collateral Agent in writing, the representations and warranties set forth in Article 5 of the Muskrat/LTA Project Finance Agreement are still true and correct in all material respects as of the date of such certificate (except in the case of representations stated to be as of a specific date) with the same force and effect as if made at and as of such date;

"**Conditions Precedent to Commissioning**" has the meaning ascribed thereto in Section 3.7 of the Muskrat/LTA Project Finance Agreement;

"**Consolidated Transaction Documents**" refers collectively to the Funding Transaction Documents, the Guarantee Transaction Documents, the Muskrat/LTA Project Finance Documents [ ] and the Administration Agreement [ ]; **[NOTE TO DRAFT: Administration Agreement is included in this definition in FV Declaration of Trust.]**

"**Construction Period**" means the period commencing on the Closing Date and terminating on the earlier of:

- (i) the day immediately preceding the Commissioning Date;
- (ii) the Date Certain;
- (iii) the date that [ ] the Construction Facility [ ] is terminated and cancelled in its entirety under the provisions of Section 10.1 of the Muskrat/LTA Project Finance Agreement; and
- (iv) the date of any other cancellation of [ ] the Construction Facility [ ] in its entirety;

"**Construction Report**" has the meaning ascribed thereto in Section 7.3 of the Muskrat/LTA Project Finance Agreement;

"**Contracted Revenues**" means, for any period, the sum of the following amounts: **[NOTE TO DRAFT: Nalcor to confirm accuracy of this definition as against its financial modelling and provide adjustments to language as need be.]**

- (i) all Base Block Payments and all other revenues of Muskrat arising from power purchase agreements entered into between it and any Person purchasing power generated by Muskrat and having an Investment Grade Rating, [ ] based on total annual energy sales not to exceed the [ ] P50 Confidence Level [ ]; and
- (ii) all LTA Payments;

"**Contributing Party**" means Nalcor;

"**Control**" of a Person means the possession, direct or indirect, of the power to elect or appoint a majority of such Person's board of directors or similar governing body, or to direct or cause the direction of the management, business and/or policies of such Person, whether through ownership of Voting Capital Stock, by contract or otherwise, and, without limiting the generality of the foregoing, a Person shall be deemed to "**Control**" any partnership of which, at the time, the Person is a general partner or Controls the general partner, in the case of a limited partnership, or is a partner who, under the partnership agreement, has authority to bind the partnership in all other cases (and the terms "**Controlled by**" and "**under common Control with**" have a correlative meaning);

[REDACTED] "**Cost to Complete**" means, as at any date, the estimate of the [REDACTED] Hard Costs and Soft Costs [REDACTED] which will be required to be incurred to attain Commissioning by the Date Certain (including the Punch List Costs and the Demobilization Costs), it being understood that the Project Costs incurred on or prior to such date, and whether already financed or requested to be financed pursuant to [REDACTED] any Funding Request or the Final Funding Request [REDACTED], shall not form part of the Cost to Complete; [REDACTED]

"**Cost Variances**" means, with respect to each Project, with regard to particular construction phase or component of construction and start-up of such Project, the amount by which costs in respect of such construction phase or component is expected to exceed amounts allocated thereto in the MF Project Budget or the LTA Project Budget, as the case may be;

"**Credit Parties**" as at any time, refers collectively to Muskrat and Labrador Transco and "**Credit Party**" refers to either one thereof;

"**Credit Parties' Counsel**" means Fasken Martineau DuMoulin LLP and McInnes Cooper LLP and each additional or replacement firm of solicitors of recognized national standing as the Obligors may select from time to time;

"**Credit Parties' Real Property Counsel**" means McInnes Cooper LLP and each additional or replacement firm of solicitors of recognized national standing as the Credit Parties may select from time to time;

"**Date Certain**" means [REDACTED] September 1, 2018 [REDACTED] as extended as hereinafter provided. The Credit Parties may request that the Date Certain be extended [REDACTED] twice only [REDACTED], each time for a period of up to [REDACTED] six (6) months [REDACTED] by issuing to the Collateral Agent a written request at least thirty (30) days but no more than sixty (60) days prior to, in the case of the first request, [REDACTED] September 1, 2018 [REDACTED] and, in the case of the second request, the Date Certain as extended pursuant to the first request, which request shall:

- (i) state that no Muskrat/LTA Event of Default (other than a Muskrat/LTA Event of Default which has occurred as a direct result of an event of Force Majeure) has occurred and is continuing;
- (ii) designate the date to which the Date Certain is requested to be extended;
- (iii) be accompanied by written evidence satisfactory to the Collateral Agent that (a) no Material Project Document shall terminate as a result of such extension and each Material Project Document which as of the date of the request has not been terminated shall continue to be in effect until such extended Date Certain except to the extent already terminated as a consequence of a scheduled termination and (b) that such extension would not result in a Material Adverse Effect; and
- (iv) demonstrate to the satisfaction of the Collateral Agent and the Independent Engineer that Commissioning can be reasonably expected to occur during the period of such extension;

With respect to each such request, in the event that such request shall comply with the requirements set forth above and that the Collateral Agent shall be satisfied that the information set forth in such request is true and accurate in all material respects and that it is appropriate that the Date Certain be extended to the date set forth in the Credit Parties' request, and subject to the further requirement that no Muskrat/LTA Event of Default shall have occurred and be continuing on [ < > September 1, 2018 < > ] or, as the case may be, the Date Certain as previously extended, the Date Certain shall be extended to the date set forth in such request; provided, however, that, if at any time during the period of any such extension any of the conditions set forth above relating to such extension ceases to be true, upon delivery of written notice to the Credit Parties by the Collateral Agent, such period of extension shall terminate on the date specified in such written notice;

"DBRS" means DBRS Limited and its successors;

"Debt for Borrowed Money" means, with respect to any Person, without duplication, such Person's:

- (i) obligations for borrowed money;
- (ii) obligations under letters of credit or letters of guarantee or obligations to financial institutions who issued such letters of credit or letters of guarantee for the account of such Person;
- (iii) obligations under banker's acceptances, depository bills or depository notes (as these latter two expressions are defined in the *Depository Bills and Notes Act* (Canada));
- (iv) Purchase Money Obligations;
- (v) obligations evidenced by bonds, debentures or promissory notes;
- (vi) redeemable shares of its Capital Stock which are either redeemable at the option of the holder thereof, are redeemable at a fixed date or are redeemable during fixed intervals. The amount of Debt for Borrowed Money of any such Capital Stock shall be the maximum fixed redemption or repurchase price therefor;
- (vii) Attributable Debt with respect to Sale and Leaseback Transactions;
- (viii) the mark to market exposure of such Person under Derivative Instruments; and
- (ix) obligations under Guarantees with respect to obligations referred to in paragraphs (i) to (viii) inclusively;

"Debt Service" means, as at any time, all interest and fee payments and scheduled principal payments required to be made on the [ < @ > Loans < @ > ] at such time;

**"Deemed Principal Repayments"** means, with respect to any Additional Debt of the Credit Parties that, by its terms, is repayable in its entirety only at maturity, the amount of the principal repayments shall be calculated by [NOTE TO DRAFT: Canada to advise.] and shall apply to and be deemed to be required to be made by the Credit Parties;

**"Demobilization Costs"** means the Muskrat Demobilization Costs and the LTA Demobilization Costs;

**"Demobilization Costs Accounts"** means the Muskrat Demobilization Costs Account and the Labrador Transco Demobilization Costs Account;

**"Demobilization Costs Funds Release"** means the Demobilization Costs Muskrat Funds Release and the Demobilization Costs LTA Funds Release;

**"Demobilization Costs LTA Funds Release"** means the Funds Release to be made to Labrador Transco pursuant to the provisions of Section 3.5 of the Muskrat/LTA Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph <■>xxii<■> of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the LTA Demobilization Costs;

**"Demobilization Costs Muskrat Funds Release"** means the Funds Release to be made to Muskrat pursuant to the provisions of Section 3.5 of the Muskrat/LTA Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph [<■>(xiii)<■>] of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the Muskrat Demobilization Costs;

**"Demobilization List Items"** has the meaning ascribed to it in Section 6.20 of the Muskrat/LTA Project Finance Agreement;

**"Demobilization Work"** means [<■>the work, including any Performance Testing, associated with the dismantling of facilities and associated environmental remedial work, disposal and disposition of tools, machinery, equipment and materials, removal of temporary systems, demobilization of personnel, close out of leases, payments of fees, licences, legal fees, close-out teams and offices, computers, support systems and personnel, information systems and information technology, performance testing personnel and equipment, final documentation close-out and transfer to [<■>operations in accordance with the provisions of the MSA<■>].<■>] [NOTE TO DRAFT: To be confirmed by Nalcor.]

**"DER"** means:

- (i) during the Construction Period:
  - (A) in connection with the incurrence test for Additional Debt contemplated in subsection 8.2.6 of the Muskrat/LTA Project Finance Agreement, (a) the sum of the principal amount of the [<■>Released Amounts<■>], the principal amount of all outstanding Additional Debt and the principal amount of all the Additional Debt proposed to be incurred, divided by (b) the sum of

the total under clause (i)(A)(a) of this definition plus the aggregate outstanding balance of the Capital Accounts of the Credit Parties and any equity proposed to be invested concurrently with the incurrence of the proposed Additional Debt, expressed as a percentage;

- (B) for all other purposes, (a) the sum of the principal amount of [~~■~~Released Amounts~~■~~] and the principal amount of all outstanding Additional Debt, divided by (b) the sum of the total under clause (i)(B)(a) of this definition and the aggregate outstanding balance of the Capital Accounts of the Credit Parties, expressed as a percentage;
- (ii) during the Operating Period:
    - (A) in connection with the incurrence test for Additional Debt contemplated in subsection 8.2.6 of the Muskrat/LTA Project Finance Agreement, (a) the sum of the principal amount of the [~~■~~Loans~~■~~], the principal amount of all outstanding Additional Debt and the principal amount of all the Additional Debt proposed to be incurred, divided by (b) the sum of the total under clause (ii)(A)(a) of this definition plus the aggregate outstanding balance of the Capital Accounts of the Credit Parties and any equity proposed to be invested concurrently with the incurrence of the proposed Additional Debt, expressed as a percentage;
    - (B) for all other purposes, (a) the sum of the principal amount of [~~■~~the Loans~~■~~] and the principal amount of all outstanding Additional Debt, divided by (b) the sum of the total under clause (ii)(B)(a) of this definition and the aggregate outstanding balance of the Capital Accounts of the Credit Parties, expressed as a percentage;

**"Derivative Instruments"** means any "Swap Transaction" as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. and/or any agreement evidencing such transaction;

**"Devco"** means Lower Churchill Management Corporation, a NL corporation, and includes any successor thereto;

**"Distribution Certificate"** has the meaning ascribed to it in Section 7.4 of the Muskrat/LTA Project Finance Agreement;

**"Distribution Conditions"** means, as at any proposed Distribution Date, the following:

- (i) the Compliance Certificate delivered pursuant to Section 7.1 or 7.2 of the Muskrat/LTA Project Finance Agreement on or immediately prior to such

Distribution Date shall demonstrate, to the satisfaction of the Collateral Agent, that the Credit Parties achieved a Retrospective DSCR and a Prospective DSCR of at least 1.20:1;

- (ii) the DSRA is funded with an amount equal to the Minimum DSRA Requirement as at such Distribution Date; and
- (iii) no Muskrat/LTA Event of Default then exists;

**"Distribution Date"** means a Business Day [ ] after the sixth (6<sup>th</sup>) month following the first day of the Operating Period [ ] which can occur (i) no more frequently than [ ] once per quarter [ ], (ii) no earlier than five (5) Business Days following the delivery to the Collateral Agent of a Distribution Certificate and (iii) in any particular month, only after the date on which the Collateral Agent, on behalf of the Funding Vehicle, is scheduled to receive payment of all amounts due and payable by the Credit Parties in respect of all [ ] Loans [ ] during such month;

**"Distribution Funds"** means the amount, determined on a Distribution Date, of:

- (i) with respect to Muskrat: (A) cash in the Muskrat Project Funding Account after application of all amounts in the Muskrat Project Funding Account pursuant to clauses (a) to (k) of paragraph 4.2.2.2 of the Muskrat/LTA Project Finance Agreement) and (B) cash in the Muskrat Distribution Reserve Account; and
- (ii) with respect to Labrador Transco: (A) cash in the Labrador Transco Project Funding Account after application of all amounts in the Labrador Transco Project Funding Account pursuant to clauses (a) to (j) of paragraph 4.8.2.2 of the Muskrat/LTA Project Finance Agreement and (B) cash in the Labrador Transco Distribution Reserve Account;

**"Distribution Reserve Accounts"** means the Muskrat Distribution Reserve Account and the Labrador Transco Distribution Reserve Account;

**"Distributions"** with respect to any Person, means:

- (i) the payment or declaration of any dividend or the making of any distribution of any kind or character (whether in cash or property, but expressly excluding any such distribution by way of the payment of dividends by the issuance of Capital Stock of such Person) in respect of any class of the Capital Stock of such Person or to the holders of any class of its Capital Stock;
- (ii) the purchase, redemption or other acquisition or retirement for value of any of its Capital Stock or of any options, warrants or rights to purchase or acquire shares of its Capital Stock;



- (iii) the payment of management fees, commission fees, guarantee fees and other fees or amounts to any holder of Capital Stock of such Person other than in accordance with or pursuant to the provisions of the Material Project Documents; and
- (iv) the setting aside of any funds for any of the foregoing purposes;

<█> "Drawdown" means the single <█> Advance <█> which is not derived from a conversion or rollover pursuant to Section <█> of the Muskrat/LTA Project Finance Agreement; <█>

<█> "Drawdown Date" means the day on which the single Drawdown is made under the Muskrat/LTA Project Finance Agreement; <█>

"Draw Request" means [<█>a notice, substantially in the form of the one attached as Schedule "<█>" to the Muskrat/LTA Project Finance Agreement, issued by the Credit Parties to the Collateral Agent in connection with the single Drawdown requested by the Credit Parties under the Muskrat/LTA Project Finance Agreement; <█>]

"DSCR" is the collective reference to Retrospective DSCR and Prospective DSCR;

"DSCR Consultation Period" has the meaning ascribed to it in Section 6.26 of the Muskrat/LTA Project Finance Agreement;

"DSRA" has the meaning ascribed to it in Section 4.14 of the Muskrat/LTA Project Finance Agreement;

"DSRA Funds Releases" means the DSRA Muskrat Funds Release and the DSRA LTA Funds Release;

**[NOTE TO DRAFT: Once the nature of this debt has been determined, and it has been determined whether there are to be sinking funds, provisions for releases from the DSRA (and funding of the Project Funding Accounts in an equivalent amount) will have to be included.]**

"DSRA LTA Funds Release" means the single Funds Release to be made to Labrador Transco pursuant to the provisions of Section 3.6 of the Muskrat/LTA Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph <█>(xx)<█> of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the DSRA LTA Funds Release;

"DSRA Muskrat Funds Release" means the Funds Release to be made to Muskrat pursuant to the provisions of Section 3.6 of the Muskrat/LTA Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph [<█>(xi)<█>] of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the DSRA Muskrat Funds Release;

"**Easements**" means all easements, rights-of-way, rights in the nature of easements, rights of ownership, rights of first refusal or otherwise to acquire same, necessary for the development, maintenance or operation of the Projects;

"**Effective Date**" means the date as of which financial information relating to the Projects is being provided, it being understood that with respect to (i) any Funding Request or the Final Funding Request, such date shall be the day immediately preceding the date of such Funding Request or Final Funding Request and (ii) any Construction Report, such date shall be last day of the month preceding the month during which such Construction Report is delivered;

"**Eligible Project Costs**" means, as at any Effective Date, as determined by the Collateral Agent in consultation with the Credit Parties, the aggregate amount required by a Credit Party to defray the MF Project Costs or LTA Project Costs, as the case may be, incurred to and invoiced by such date [ ] or, as supported by adequate information to be provided under the relevant Funding Request or the Final Funding Request, expected to be incurred to and invoiced by the relevant Funds Release Date [ ] with respect to work done and goods delivered prior to such dates or with respect to deposits on contracts and in each case with respect to which no previous Funding Request has been issued;

**[NOTE TO DRAFT: To be refined to reflect documents and information to be delivered further to discussions had among the Independent Engineer, the Nalcor project team and Cassels Brock. Discussion scheduled to occur on October 1<sup>st</sup>.]**

"**Emera Guarantee**" means the guarantee agreement to be entered into between Emera and Canada pursuant to which Emera will provide certain guarantees in connection with the Maritime Link;

"**Emera Sanction Resolution**" means [ ];

"**Enforcement Proceeding**", with respect to any Person, refers to:

- (i) any right granted to such Person against another Person or the Assets of such other Person as a result of such first Person holding, directly or beneficially, Liens on the Assets of such other Person including: (a) the right to require the surrender of the Assets subject to such Liens; (b) the right to exercise any power of sale over or to foreclose on the Assets subject to such Liens; (c) the right to appoint a receiver for such Person or its Assets; (d) the right to withdraw any authorization to collect accounts subject to such Liens; (e) the right to vote any Capital Stock subject to such Liens or to withdraw any power of attorney to vote any such Capital Stock; and (f) the right to take possession, administer, sell or lease any of the Assets subject to such Liens;
- (ii) the right to seize or request the seizure of the Assets of any other Person; and

- (iii) the right to institute or prosecute any judicial proceeding seeking injunctive relief, the appointment of a receiver, the sale of any Assets or for foreclosure;

"**Environmental Law**" means, with respect to any Person, any Applicable Law relating to the environment and to such Person or any of its Assets;

"**Environmental Losses**" has the meaning ascribed to it in Section 11.2 of the LIL Project Finance Agreement;

"**EPCM**" means the agreement for engineering, procurement and construction management services for the Project entered into effective as of February 1, 2011 between Nalcor and SNC Lavalin Inc. [redacted] as assigned to Devco pursuant to [redacted];

"**Equity Agreements**" refers collectively to the ESAs and the ESGs;

"**Equity Contribution Release Conditions**" means, during any period of time that Excluded Deposits are outstanding in any Project Account, either (i) where the [redacted] Construction Facility [redacted] has not been fully disbursed, the Collateral Agent exercises its rights under subsection 10.2.1 and declares the [redacted] Construction Facility [redacted] to be cancelled or terminated, or (ii) where the [redacted] Construction Facility [redacted] has been fully disbursed [redacted] but the amount then standing to the credit of the Muskrat/LTA Proceeds Accounts has not been released to the Credit Parties [redacted] and following the exercise by the Collateral Agent of any Right, Recourse and/or Remedy under Section 10.2, the GAA Finance Parties advise the Credit Parties that they have determined not to proceed to have Commissioning of the Project achieved;

"**ESAs**" means the MFESA and the LTAESA;

"**ESGs**" means the MFESG and the LTAESG;

"**Event of Default**" means a FV Event of Default, a Muskrat/LTA Event of Default and a GAA Event of Default;

"**Excise Tax Act**" means the *Excise Tax Act* (Canada);

"**Excluded Collateral**" means (i) all Excluded Deposits, (ii) all GHG Credits, and (iii) the proceeds of all NLH External Market Sales deemed to be made by Muskrat on behalf of NLH in accordance with the PPA;

"**Excluded Deposits**" is, at any time, the collective reference to any amount deposited into any Project Account that represents a Base Equity Contribution, a Contingency Equity Contribution or a DSRA Equity Contribution, the release of which for purposes of funding Project Costs cannot be made in accordance with Section 2.9 of the applicable ESA and Section 2.4 of the applicable ESG;

"**Expropriation Event**" means any compulsory transfer or taking by condemnation, expropriation, eminent domain or exercise of a similar power, or transfer under threat of such

compulsory transfer or taking, of any part of the Assets of a Person by any Governmental Authority;

**"Federal Environmental Assessment"** means [REDACTED]; [NOTE TO DRAFT: To be defined once obtained.]

**"Federal Loan Guarantee"** means the guarantee agreement to be executed by Canada in favour of the Indenture Trustee with respect to, *inter alia*, the payment obligations of the Funding Vehicle under the MTI and the FV Bonds [REDACTED] and the Underlying Pledge Bond Documents [REDACTED];

**"Final Funding Request"** means a request, substantially in the form of Schedule "[REDACTED]" to the Muskrat/LTA Project Finance Agreement, addressed by the Credit Parties to the Collateral Agent and the Independent Engineer, specifying:

- (i) the amount of Eligible Project Costs for each Project remaining unpaid as at the Effective Date thereof;
- (ii) the Punch List Costs;
- (iii) the Demobilization Costs;
- (iv) that no Muskrat/LTA Event of Default has occurred and is continuing;
- (v) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to Muskrat's Project Rateable Share of the Minimum DSRA Requirement on the Commissioning Date, the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances attributable to such funding of the DSRA, calculated rateably on the basis of the aggregate amount of Funding Requirements necessary for the funding of the DSRA, the Punch List Costs Accounts and the Demobilization Costs Accounts on the Commissioning Date;
- (vi) for purposes of funding the Funding Requirements necessary in connection with the funding of the Muskrat Punch List Costs Account on the Commissioning Date, the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances attributable to such funding of the Muskrat Punch List Costs Account, calculated rateably on the basis of the aggregate amount of Funding Requirements necessary for the funding of the DSRA, the Punch List Costs Accounts and the Demobilization Costs Accounts on the Commissioning Date;
- (vii) for purposes of funding the Funding Requirements necessary in connection with the funding of the Muskrat Demobilization Costs Account on the Commissioning Date, the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances attributable to such funding of the Muskrat Demobilization Costs Account, calculated rateably

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on the basis of the aggregate amount of Funding Requirements necessary for the funding of the DSRA, the Punch List Costs Accounts and the Demobilization Costs Accounts on the Commissioning Date;

- (viii) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to Muskrat's Project Rateable Share of the Minimum DSRA Requirement on the Commissioning Date, the aggregate amount to be invested under the Muskrat DSRA Equity Commitment and representing the Muskrat Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of Muskrat's Project Rateable Share of the DSRA on the Commissioning Date and the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances calculated in paragraph (v) of this definition;
- (ix) for purposes of funding the Funding Requirements necessary in connection with the funding of the Muskrat Punch List Costs Account on the Commissioning Date, the aggregate amount to be invested under the Muskrat Available Base Equity Commitment or the Muskrat Contingency Equity Commitment, as the case may be, and representing the Muskrat Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Muskrat Punch List Costs Account on the Commissioning Date and the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances calculated in paragraph (vi) of this definition;
- (x) for purposes of funding the Funding Requirements necessary in connection with the funding of the Muskrat Demobilization Costs Account on the Commissioning Date, the aggregate amount to be invested under the Muskrat Available Base Equity Commitment or the Muskrat Contingency Equity Commitment, as the case may be, and representing the Muskrat Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Muskrat Demobilization Costs Account on the Commissioning Date and the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances calculated in paragraph (vii) of this definition;
- (xi) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to Muskrat's Project Rateable Share of the Minimum DSRA Requirement on the Commissioning Date, the aggregate amount of the Funds Release requested by Muskrat and representing the Muskrat Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of Muskrat's Project Rateable Share of the DSRA on the Commissioning Date and the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances calculated in paragraph (v) of this definition;

- (xii) for purposes of funding the Funding Requirements necessary in connection with the funding of the Muskrat Punch List Costs Account on the Commissioning Date, the aggregate amount of the Funds Release requested by Muskrat and representing the Muskrat Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Muskrat Punch List Costs Account on the Commissioning Date and the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances calculated in paragraph (vi) of this definition;
- (xiii) for purposes of funding the Funding Requirements necessary in connection with the funding of the Muskrat Demobilization Costs Account on the Commissioning Date, the aggregate amount of the Funds Release requested by Muskrat and representing the Muskrat Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Muskrat Demobilization Costs Account on the Commissioning Date and the portion of the Aggregate Muskrat Project Funding Account and Operating Account Balances calculated in paragraph (vii) of this definition;
- (xiv) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to Labrador Transco's Project Rateable Share of the Minimum DSRA Requirement on the Commissioning Date, the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances attributable to such funding of the DSRA, calculated rateably on the basis of the aggregate amount of Funding Requirements necessary for the funding of the DSRA, the Punch List Costs Accounts and the Demobilization Costs Accounts on the Commissioning Date;
- (xv) for purposes of funding the Funding Requirements necessary in connection with the funding of the Labrador Transco Punch List Costs Account on the Commissioning Date, the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances attributable to such funding of the Labrador Transco Punch List Costs Account, calculated rateably on the basis of the aggregate amount of Funding Requirements necessary for the funding of the DSRA, the Punch List Costs Accounts and the Demobilization Costs Accounts on the Commissioning Date;
- (xvi) for purposes of funding the Funding Requirements necessary in connection with the funding of the Labrador Transco Demobilization Costs Account on the Commissioning Date, the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances attributable to such funding of the Labrador Transco Demobilization Costs Account, calculated rateably on the basis of the aggregate amount of Funding Requirements necessary for the funding of

the DSRA, the Punch List Costs Accounts and the Demobilization Costs Accounts on the Commissioning Date;

- (xvii) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to Labrador Transco's Project Rateable Share of the Minimum DSRA Requirement on the Commissioning Date, the aggregate amount to be invested under the LTA DSRA Equity Commitment and representing the LTA Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of Labrador Transco's Project Rateable Share of the DSRA on the Commissioning Date and the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances calculated in paragraph (v) of this definition;
- (xviii) for purposes of funding the Funding Requirements necessary in connection with the funding of the Labrador Transco Punch List Costs Account on the Commissioning Date, the aggregate amount to be invested under the LTA Available Base Equity Commitment or the LTA Contingency Equity Commitment, as the case may be, and representing the LTA Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Labrador Transco Punch List Costs Account on the Commissioning Date and the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances calculated in paragraph (xv) of this definition;
- (xix) for purposes of funding the Funding Requirements necessary in connection with the funding of the Labrador Transco Demobilization Costs Account on the Commissioning Date, the aggregate amount to be invested under the LTA Available Base Equity Commitment or the LTA Contingency Equity Commitment, as the case may be, and representing the LTA Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Labrador Transco Demobilization Costs Account on the Commissioning Date and the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances calculated in paragraph (vii) of this definition;
- (xx) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to Labrador Transco's Project Rateable Share of the Minimum DSRA Requirement on the Commissioning Date, the aggregate amount of the Funds Release requested by Labrador Transco and representing the LTA Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of Labrador Transco's Project Rateable Share of the DSRA on the Commissioning Date and the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account

Balances the Funding Requirements calculated in paragraph (xvi) of this definition;

- (xxi) for purposes of funding the Funding Requirements necessary in connection with the funding of the Labrador Transco Punch List Costs Account on the Commissioning Date, the aggregate amount of the Funds Release requested by Labrador Transco and representing the LTA Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Labrador Transco Punch List Costs Account on the Commissioning Date and the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances the Funding calculated in paragraph (xiv) of this definition;
- (xxii) for purposes of funding the Funding Requirements necessary in connection with the funding of the Labrador Transco Demobilization Costs Account on the Commissioning Date, the aggregate amount of the Funds Release requested by Labrador Transco and representing the LTA Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Labrador Transco Demobilization Costs Account on the Commissioning Date and the portion of the Aggregate Labrador Transco Project Funding Account and Operating Account Balances calculated in paragraph (xv) of this definition;
- (xxiii) [] a mark-to-market valuation of the Hedge Contracts; and []
- (xxiv) a reconciliation of amounts disbursed from each Project Operating Account to amounts set forth and approved in any Funding Request provided during the prior month;
- (xxv) [] Soft [] Costs for each Project incurred as at the Effective Date of the Construction Report delivered in the same month as the Final Funding Request by major expense category and compared as against the original MF Project Budget or LTA Project Budget, as the case may be;

**[NOTE TO DRAFT: Note that it is likely that the foregoing reporting on Soft Costs will be done pursuant to a soft cost report to be provided for in Article 7.]**

**"Financial Statements"** means, with respect to any Person, for any period, all prepared in accordance with GAAP, the balance sheet of such Person as at the end of such period and the related statements of income, retained earnings, shareholders' or partners' equity and cash flows for such period, setting forth in each case, in comparative form, the figures for the corresponding period of the previous fiscal quarter or for the previous fiscal year, as the case may be;

**"Financing Structure"** has the meaning ascribed to it from time to time in the recitals to the Collateral Agency Agreement;



"**Fiscal Agent**" means the Indenture Trustee, the depositaries of the FV Funds or FV Accounts required under the MTI or any sub-account thereof, any Paying Agent, or any or all of them as the context may require;

"**Force Majeure**" has the meaning ascribed thereto in the PPA;

"**Fraudulent Conveyances Law**" means the *Fraudulent Conveyances Act* (NL), or any other like, equivalent or analogous legislation of any jurisdiction, domestic or foreign;

"**Fund**" means any fund, reserve fund or account required to be established pursuant to the MTI;

"**Funding Duties**" means the FV Trust Activities with respect to (i) the borrowing of money and the issuance of FV Bonds from time to time pursuant to the MTI and the other Funding Transaction Documents in a manner that enables the Funding Vehicle to lend money to the Credit Parties pursuant to the Muskrat/LTA Project Finance Documents, (ii) the performance of all obligations and the exercise of all rights of the Funding Vehicle under the Funding Transaction Documents and Guarantee Transaction Documents, (iii) subject to fulfilling the Funding Duty Requirement, the execution of all Funding Transaction Documents and Guarantee Transaction Documents on behalf of the Funding Vehicle, and (iv) all matters incidental or ancillary to the activities described in clauses (i), (ii) and (iii) of this definition including the matters contemplated in Sections 3.1 and 3.4 of the Collateral Agency Agreement, in each case acting in accordance with the instructions of the Funding Vehicle and Canada, each acting reasonably;

"**Funding Duty Requirement**" has the meaning ascribed to it from time to time in Section [4.1] of the Collateral Agency Agreement;

"**Funding Request**" means a request, substantially in the form of Schedule "A" to the Muskrat/LTA Project Finance Agreement, addressed by the Credit Parties to the Collateral Agent and the Independent Engineer, specifying:

- (i) the amount of Eligible Project Costs for each Project remaining unpaid as at the Effective Date thereof;
- (ii) that the Holdback Amounts required by Applicable Law or under the Material Project Documents to be held back by each Credit Party have been held back and setting forth the details regarding such holdbacks;

[NOTE TO DRAFT: The text pertaining to Commissioning has been removed as it is already addressed in the Construction Report and is within the purview of the project team.]

- (iii) the Permitted Investments made with the funds in the Project Accounts;
- (iv) that no Muskrat/LTA Event of Default has occurred and is continuing;

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- (v) if either Credit Party requests a release of any Holdback Amount previously retained by the Funding Vehicle, the matters contemplated in paragraphs <[REDACTED]> and <[REDACTED]>;
- (vi) for purposes of funding the Funding Requirements, the Aggregate Muskrat Project Funding Account and Operating Account Balances as at the Effective Date;
- (vii) for purposes of funding the Funding Requirements, the Aggregate Labrador Transco Project Funding Account and Operating Account Balances as at the Effective Date;
- (viii) for purposes of funding the Funding Requirements of Muskrat, the aggregate amount to be invested under either the Muskrat Available Base Equity Commitment or the Muskrat Contingency Equity Commitment, as the case may be, and representing the Muskrat Equity Rateable Share of the difference between the Funding Requirements of Muskrat and the Aggregate Muskrat Project Funding Account and Operating Account Balances as at the Effective Date;
- (ix) for purposes of funding the Funding Requirements of Muskrat, the aggregate amount of the Funds Release requested by Muskrat and representing the Muskrat Debt Rateable Share of the difference between the Funding Requirements of Muskrat and the Aggregate Muskrat Project Funding Account and Operating Account Balances as at the Effective Date;
- (x) for purposes of funding the Funding Requirements of Labrador Transco, the aggregate amount to be invested under either the LTA Available Base Equity Commitment or the LTA Contingency Equity Commitment, as the case may be, and representing the LTA Equity Rateable Share of the difference between the Funding Requirements of Labrador Transco and the Aggregate Labrador Transco Project Funding Account and Operating Account Balances as at the Effective Date;
- (xi) for purposes of funding the Funding Requirements of Labrador Transco, the aggregate amount of the Funds Release requested by Labrador Transco and representing the LTA Debt Rateable Share of the difference between the Funding Requirements of Labrador Transco and the Aggregate Labrador Transco Project Funding Account and Operating Account Balances as at the Effective Date;
- (xii) [<[REDACTED]>a mark-to-market valuation of the Hedge Contracts; and <[REDACTED]>]
- (xiii) a reconciliation of amounts disbursed from the Muskrat Project Operating Account to amounts set forth and approved in any Funding Request provided during the prior month;

- (xiv) a reconciliation of amounts disbursed from the Labrador Transco Project Operating Account to amounts set forth and approved in any Funding Request provided during the prior month;
- (xv) [Soft] Costs for each Project incurred as at the Effective Date of the Construction Report delivered in the same month as the relevant Funding Request by major expense category and compared as against the original MF Project Budget or LTA Project Budget, as the case may be;

**[NOTE TO DRAFT: Note that it is likely that the foregoing reporting on Soft Costs will be done pursuant to a soft costs report to be provided for in Article 7.]**

"**Funding Requirements**" means, with respect to each Credit Party, as at any date, as determined by the Collateral Agent, (i) where such Credit Party has not requested a release of any Holdback Amount, the Eligible Project Costs for the MF Plant or the LTA, as the case may be, as at the Effective Date of the Funding Request or Final Funding Request, as the case may be, pertaining to such Funding Requirements less any Holdback Amount relating thereto (unless a holdback release bond or letter of credit issued or confirmed in favour of the Collateral Agent and such Credit Party by a surety or a Canadian bank whose name is set forth in Schedule I to the *Bank Act* (Canada) with a reputation and credit rating acceptable to the Collateral Agent and in each case, in form, amount and substance satisfactory to the Collateral Agent (it being understood and agreed that any such letter of credit shall provide that the Collateral Agent may draw thereunder alone and that such Credit Party may only draw thereunder jointly with the Collateral Agent), has been delivered to the Collateral Agent) (the ["Net Hard Costs"]) and (ii) where such Credit Party has requested a release of any Holdback Amount previously retained by the Funding Vehicle, the [Net Hard Costs ] plus the amount of the Holdback Amount requested to be released by such Credit Party;

"**Funding Transaction Documents**" means the agreements entered into from time to time [with respect to such portion of the FV Trust Activities] as pertains to the borrowings to be made by or for the benefit of the Funding Vehicle for purposes of onlending to the Credit Parties pursuant to the Muskrat/LTA Project Finance Documents, including the MTI, the FV Bonds, any other loan and debt documents, entered into in connection therewith and any security documents executed by the Funding Vehicle in order to secure its obligations under the foregoing;

"**Funding Vehicle**" means Muskrat Falls / Labrador Transmission Assets Funding Trust, a single purpose trust formed under the Laws of NL pursuant to the FV Declaration of Trust;

"**Funding Vehicle Project Costs and Expenses**" means costs and expenses due and payable by the Funding Vehicle to its advisors in connection with the Funding Transaction Documents or the Muskrat/LTA Project Finance Documents, including the Independent Engineer and legal advisors including all reasonable costs and expenses incurred by the Funding Vehicle under any enforcement proceedings instituted pursuant to any of the Funding Transaction Documents or the Muskrat/LTA Project Finance Documents;

"**Funds Release**" means a release of all or a portion of the Muskrat/LTA Muskrat/LTA Proceeds Account Balance to a Credit Party;

"**Funds Release Date**" means any day on which a Funds Release occurs; [ ] provided, however, that in the case of each Funds Release, the Funds Release Date shall occur on the first (1<sup>st</sup>) Business Day of the month that immediately follows the month during which delivery of the corresponding Funding Request occurred; [ ]

"**Funds Release Request**" means a request, substantially in the form of the one attached as Schedule "[ ]" to the Muskrat/LTA Project Finance Agreement, addressed by a Credit Party to the Collateral Agent in connection with any Funds Release pursuant to the terms of which such Credit Party requests a Funds Release in an amount equal to the lesser of (A) the Muskrat/LTA Muskrat/LTA Proceeds Account Balance and (B) the amount of such Credit Party's Funding Requirements to be funded with the proceeds of the requested Funds Release;

"**FV Account**" means any fund, reserve fund or account required to be established pursuant to the MTI;

"**FV Bond**" means any evidence of indebtedness of the Funding Vehicle authenticated and delivered by the Indenture Trustee under and pursuant to the MTI, [ ] whether such evidence of indebtedness is a FV Obligation Bond or a FV Pledge Bond thereunder [ ];

"**FV Bond Registers**" means, collectively, the one or more registers of FV Bondholders which the Indenture Trustee is required to maintain pursuant to Section 3.3 of the MTI;

"**FV Bondholder**" or "**holder**" or words of similar import, when used with reference to a FV Bond, means any Person who is, at the relevant time, the Person whose name is entered in the FV Bond Registers as the holder of such FV Bond, including any Person in whose name a FV Pledge Bond is registered as trustee, security holder or in a fiduciary capacity;

"**FV Consultants**" means the Insurance Consultant, the Independent Engineer, FV Counsel and any other experts, advisors or professionals retained or appointed from time to time to advise the GAA Finance Parties;

"**FV Counsel**" means [ ] and any successor thereof;

"**FV Declaration of Trust**" means the declaration of trust dated as of [ ], 2013 made by [ ], as Issuer Trustee for the Funding Vehicle;

"**FV Event of Default**" means an "**Event of Default**" as defined in the MTI;

"**FV Obligation Bond**" means a FV Bond issued as direct evidence of the Indebtedness of the Funding Vehicle to the holder thereof;

"**FV Payment**" means any payment of principal, interest, fees or other amounts payable by the Funding Vehicle on a FV Bond, in accordance with its terms and the terms of the applicable Supplemental Indenture, or under any other Funding Transaction Document;

"**FV Payment Account**" means account number <[REDACTED]> of the Funding Vehicle maintained at the Collateral Agent's Office [REDACTED] for purposes of payments to be made to it by the Credit Parties and payments to be made by it to the Fiscal Agents <[REDACTED]>;

"**FV Payment Date**" means any date on which a FV Payment is payable by the Funding Vehicle;

[REDACTED] "**FV Pledge**" means, in respect of a FV Bond, a pledge, deposit or delivery of such FV Bond or other agreement between the Funding Vehicle and a FV Bondholder in respect of such FV Bond, in each case made in accordance with Section 4.1 of the MTI; <[REDACTED]>

[REDACTED] "**FV Pledge Bond**" means a FV Bond which is subject to a FV Pledge; <[REDACTED]>

"**FV Proceeds Account**" means account number <[REDACTED]> of the Funding Vehicle maintained at the Collateral Agent's Office [REDACTED] for purposes of receiving the proceeds of all FV Bonds issued by it <[REDACTED]>;

"**FV Security Trustee**" means <[REDACTED]>, a trust company, in its capacity as security trustee under certain GAA Security Documents;

"**FV Trust Activities**" means the activities of the Funding Vehicle permitted under the FV Declaration of Trust;

"**FV Trust Property**" means as of any particular time, any and all assets of the Funding Vehicle and any and all property, real, personal or otherwise, tangible or intangible, movable or immovable which has been transferred, conveyed or paid to, or acquired or originated by, the Funding Vehicle including all of the rights, title and interest of the Funding Vehicle in and to the Consolidated Transaction Documents, including all income, earnings, profits and gains therefrom, and all proceeds deriving therefrom or related thereto and which at such time is owned or held by the Funding Vehicle;

"**GAA**" means the guarantee assurance agreement dated <[REDACTED]>, 2013 entered into among [REDACTED] Canada, the Collateral Agent, the Funding Vehicle and the Credit Parties <[REDACTED]>;

"**GAA Duties**" means performing all duties and functions required of the Collateral Agent pursuant to the GAA and the other Guarantee Transaction Documents including performing the Funding Duties and Project Financing Duties, providing the reports, advice, confirmations and certificates to Canada and including the matters contemplated in Sections 3.3 and 3.4 of the Collateral Agency Agreement, acting reasonably in accordance with the Collateral Agent Standard and the instructions of Canada, acting reasonably; **[NOTE TO DRAFT: Once a draft of the GAA has been settled between the parties, this scope may be expanded to reflect what is contemplated therein.]**

"**GAA Event of Default**" means any of the events described in <[REDACTED]> of the GAA; **[NOTE TO DRAFT: To be confirmed once the GAA is drafted.]**

"**GAA Finance Parties**" means the Funding Vehicle, in its capacity as lender under the Muskrat/LTA Project Finance Documents, and Canada in accordance with the provisions of the GAA;

"GAAP" means generally accepted accounting principles as defined by the Canadian Institute of Chartered Accountants or its successors, as amended or replaced by international financial reporting standards or as otherwise amended from time to time;

"GAA Security Documents" means [ < > ] the security documents executed by the Funding Vehicle pursuant to the terms of the GAA [ < > ];

"General Partner" means Labrador - Island Link General Partner Corporation, a NL corporation, in its capacity as general partner of the Partnership, and includes any successor thereto in such capacity;

"GHG Credits" has the meaning ascribed thereto from time to time in the PPA;

"GIA" means the generator interconnection agreement to be entered among NLH, Muskrat and Labrador Transco;

"Good Utility Practice" means those project management, design, procurement, construction, operation, maintenance, repair, removal and disposal practices, methods and acts that are engaged in by a significant portion of the electric utility industry in Canada during the relevant time period, or any other practices, methods or acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, could have been expected to accomplish a desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be the optimum practice, method, or act to the exclusion of others, but rather to be a spectrum of acceptable practices, methods or acts generally accepted in such electric utility industry for the project management, design, procurement, construction, operation, maintenance, repair, removal and disposal of electric utility facilities in Canada. Good Utility Practice shall not be determined after the fact in light of the results achieved by the practices, methods or acts undertaken but rather shall be determined based upon the consistency of the practices, methods or acts when undertaken with the standard set forth in the first two sentences of this definition at such time;

"Governmental Authority" means, in relation to any Person, property, transaction or event, any (i) federal, provincial, state, territorial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), (ii) agency, authority, commission, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (iii) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, (iv) private regulatory entity, self-regulatory organization or other similar Person, or (v) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, property, transaction or event;

"Guarantees" means, with respect to any Person, any Indebtedness of another Person which such guaranteeing Person has guaranteed or in respect of which such guaranteeing Person is liable, contingently or otherwise, including liable by way of agreement to purchase property or services, to provide funds for payment, to supply funds to or otherwise invest in such other Person, or otherwise, in all cases to assure a creditor of such other Person against loss, other than

endorsements for collection or deposit in the ordinary course of business. Furthermore, "Guarantee" and "Guaranteeing" shall have correlative meanings. For the purposes of determining compliance with various provisions in any Project Finance Document or Guarantee Transaction Document relating to Guarantees, the amount of any Guarantee shall be deemed to be the lesser of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made (for greater clarity where such primary obligation is to be incurred pursuant to a revolving credit facility, the amount of the aggregate commitments under such a facility shall constitute the stated amount of the primary obligation) and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guaranteeing Person may be liable are not stated or determinable, in which case the amount of such Guarantee shall be deemed to be such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as reasonably determined by the Collateral Agent in good faith;

"**Guarantee Transaction Documents**" means the agreements entered into from time to time [ <■>with respect to such portion of the FV Trust Activities<■>] as pertains to the contractual arrangements between, *inter alia*, Canada and the Funding Vehicle in connection with the issuance of the Federal Loan Guarantee, including the Federal Loan Guarantee, the GAA, the Collateral Agency Agreement and the GAA Security Documents;

"**Hard Costs**" means, in relation to each Project, all of the design, procurement, construction, acquisition and other similar costs identified in the MF Project Budget or the LTA Project Budget, as the case may be, including, without duplication:

- (i) the cost of designing, equipping, procuring, constructing, Commissioning, starting up and testing such Project;
- (ii) the cost of acquiring any Assets;
- (iii) real and personal property taxes (but excluding ad valorem taxes and Sales Taxes) and insurance premiums payable with respect to such Project during the Construction Period;
- (iv) initial working capital requirements of such Project as set forth in the MF Project Budget or the LTA Project Budget, as the case may be;
- (v) the costs of acquiring Authorizations for such Project;
- (vi) the cost of establishing a spare parts inventory for execution of such Project;
- (vii) amounts spent out of the contingency allowances set forth in the MF Project Budget or the LTA Project Budget, as the case may be;
- (viii) all amounts payable under the applicable Material Project Documents relating to the construction of such Project, as well as any other

agreements with any other contractors supplying goods or services to such Project;

- (ix) the cost of funding the applicable Demobilization Costs;

**[NOTE TO DRAFT: Under review by the Nalcor project team.]**

"**Hazardous Material**" means any contaminant, pollutant, toxic substances, hazardous material, residual material, waste, dangerous goods, hazardous substances or other similar terms as such terms are defined in any Environmental Law;

"**Holdback Amount**" has the meaning ascribed to it in subsection <█> of the Muskrat/LTA Project Finance Agreement;

[<█>"**Holder**" has the meaning set forth in the *Muskrat Falls Project Land Use and Expropriation Act* (NL);<█>]

"**HST**" means all amounts exigible pursuant to Part IX of the Excise Tax Act, including, for greater certainty, the Taxes commonly referred to as the goods and services tax (GST) and the harmonized sales tax (HST);

"**IE Contract**" means the agreement number LC-PM-082 for independent engineer and operating and maintenance services dated as of August 27, 2012 entered into between Nalcor and the Independent Engineer, [<█>as assigned to the Credit Parties on <█>, 2013<█>];

"**IGA**" means the intergovernmental agreement to be entered into between NL Crown and Canada in connection with the Project, the MF Plant and the LTA;

"**Income on Account Balances**" means, with respect to any Project Account, any interest or other income earned by either Credit Party from investment of any sums on deposit in such Project Account, including any interest or other income earned on the re-investment of such interest or other income so earned;

"**Indebtedness**" includes, without duplication, for any Person:

- (i) obligations representing the deferred purchase price of property or services;
- (ii) obligations, whether or not assumed, secured by Liens on, or payable out of the proceeds or production from, property owned by such Person;
- (iii) Debt for Borrowed Money of such Person;
- (iv) any obligation described above or any Guarantee, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in any Assets of such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and



- (v) obligations under Guarantees;

**"Indemnified Parties"** means the Collateral Agent, the GAA Finance Parties, each of their Affiliates as well as their respective directors, officers, employees, advisors, representatives and agents;

**"Indenture Trustee"** means <[REDACTED]>, a trust company, and includes any successor thereto;

**"Independent Engineer"** means MWH Canada Inc. and any successor thereof and any other engineering consultants appointed from time to time for the Projects, with the consent of the Credit Parties by the [<[REDACTED]>Collateral Agent or any other Person from time to time to advise the GAA Finance Parties<[REDACTED]>] in replacement thereof, it being understood that only one engineering consultant or firm can occupy this role at any one time;

**"Independent Engineer's Confirmation"** means a certificate from the Independent Engineer substantially in the form of the one attached as Schedule "<[REDACTED]>" to the Muskrat/LTA Project Finance Agreement, addressed to the Collateral Agent in connection with any Construction Report and/or Funding Request or Final Funding Request, whereby the Independent Engineer certifies, *inter alia*, that, it is not aware of any inaccuracy in the relevant Construction Report and/or Funding Request or Final Funding Request, and that:

- (i) the work on each Project is being effected or performed substantially in all respects in accordance with the MF Project Plans or the LTA Project Plans, as the case may be, the applicable Material Project Contracts and Good Utility Practice;
- (ii) it has no reason to believe that Commissioning shall not be achieved on or before the Date Certain;
- (iii) the Hard Costs forming part of the Eligible Project Costs included in any Funding Request or the Final Funding Request with respect to the applicable Material Project Contracts are valid [<[REDACTED]>Hard Costs<[REDACTED]>] and payments to the Persons to whom such [<[REDACTED]>Hard Costs<[REDACTED]>] are owed are supported by adequate information provided under the relevant Funding Request or Final Funding Request;

**[NOTE TO DRAFT: To be refined to reflect documents and information to be delivered further to discussions had among the Independent Engineer, the Nalcor project team and Cassels Brock.]**

- (iv) the Cost to Complete each Project associated with the applicable Material Project Contracts set forth in the relevant Construction Report and/or Funding Request or the Final Funding Request is a reasonable estimate and the Independent Engineer is not aware of any other technical costs that may be incurred and which are not included in such Cost to Complete estimate;

**"Initial Material Project Documents"** means the Muskrat Initial Material Project Documents and the LTA Initial Material Project Documents;

**"Insolvency Event"** means, in relation to any Person, the occurrence of one or more of the following:

- (i) an order is made, or an effective resolution passed, for the winding-up, liquidation or dissolution of such Person;
- (ii) such Person voluntarily institutes proceedings for its winding up, liquidation or dissolution, or to authorize or enter into an arrangement under the *Corporations Act* (NL) or similar legislation in any other jurisdiction affecting any of its creditors, or takes action to become bankrupt, or consents to the filing of a bankruptcy application against it, or files an assignment, a proposal, a notice of intention to make a proposal, an application, or answer or consent seeking reorganization, readjustment, arrangement, composition, protection from creditors, or similar relief under any bankruptcy or insolvency law or any other similar Applicable Law, including the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada), or consents to the filing of any such application for a bankruptcy order, or consents to the appointment of an interim receiver, receiver, monitor, liquidator, restructuring officer or, trustee in bankruptcy of all or substantially all of the property of such Person or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they come due or commits any other act of bankruptcy or insolvency, or suspends or threatens to suspend transaction of its usual business, or any action is taken by such Person in furtherance of any of the foregoing;
- (iii) a court having jurisdiction enters a judgment or order adjudging such Person a bankrupt or an insolvent person, or approving as properly filed an application or motion seeking an arrangement under the *Corporations Act* (NL) or similar legislation in any other jurisdiction affecting any of its creditors or seeking reorganization, readjustment, arrangement, composition, protection from creditors, or similar relief under any bankruptcy or insolvency law or any other similar Applicable Law, or an order of a court having jurisdiction for the appointment of an interim receiver, receiver, monitor, liquidator, restructuring officer or, trustee in bankruptcy of all or substantially all of the undertaking or property of such Person, or for the winding up, liquidation or dissolution of its affairs, is entered and such order is not contested and the effect thereof stayed, or any material part of the property of such Person is sequestered or attached and is not returned to the possession of such Person or released from such attachment within 30 days thereafter;
- (iv) any proceeding or application is commenced respecting such Person without its consent or acquiescence pursuant to any Applicable Law

relating to bankruptcy, insolvency, reorganization of debts, winding up, liquidation or dissolution, and such proceeding or application (i) results in a bankruptcy order or the entry of an order for relief and a period of 30 days has elapsed since the issuance of such order without such order having been reversed or set aside or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the commencement of such proceeding or application; or

- (v) such Person has ceased paying its current obligations in the ordinary course of business as they generally become due;

**"Insolvency Law"** means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and any plan of arrangement law or any corporations statute permitting a corporation to propose a compromise or an arrangement with respect to creditors or any class of creditors of the corporation or any other like, equivalent or analogous laws of any jurisdiction, domestic or foreign;

**"Insolvency Proceeding"** refers to any proceeding relating to or arising in connection with or as a result of an Insolvency Event, including:

- (i) an assignment for the benefit of creditors, the filing of an application for a bankruptcy order, a proposal or a notice of intention under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) or any other similar Law of any other jurisdiction;
- (ii) the adjudication of any Person as insolvent or bankrupt;
- (iii) the petition or application to any tribunal for any receiver, trustee, liquidator or sequestrator of any Person or for any portion of such Person's property; or
- (iv) anything analogous or having a substantially similar effect to any of the events specified above happens under the Law of any other applicable jurisdiction;

**"Insurance Consultant"** means <■>;

**"Intellectual Property Rights"** has the meaning ascribed thereto in Section 5.18 of the Muskrat/LTA Project Finance Agreement;

**"Intermediary Trust"** means <■>, a single purpose trust formed under the Laws of NL pursuant to the IT Declaration of Trust;

**"Investment"** means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business) or contribution of capital to any other Person or any acquisition of Capital Stock, deposit accounts, certificates of deposit, mutual

funds, bonds, notes, debentures or other securities of any other Person or any structured notes, and "Invest" and "Invested" shall have the correlative meaning;

"Investment Grade" means <[REDACTED]>;

"Investment Grade Rating" means <[REDACTED]>; [NOTE TO DRAFT: To be confirmed - used in connection with "Contracted Revenues".]

"Issuer Trustee" means, <[REDACTED]>, in its capacity as trustee of the Funding Vehicle, and includes any successor thereto in such capacity;

"IT Initial Conditions Precedent" has the meaning ascribed thereto in Section <[REDACTED]> of the IT Project Finance Agreement;

"IT Project Finance Agreement" means the [<[REDACTED]> financing agreement<[REDACTED]>] dated <[REDACTED]>, 2013 entered into among the [<[REDACTED]> LIL Funding Vehicle<[REDACTED]>] as lender, the [<[REDACTED]> LIL Collateral Agent<[REDACTED]>], the Intermediary Trust, as borrower, the Partnership and Opco;

"Knowledge" means in the case of either Credit Party, as applicable, the actual knowledge of any of the executive officers of such Credit Party and "Know" and "Known" shall have correlative meanings;

"Labrador Transco" means Labrador Transmission Corporation, a NL corporation, and includes any successor thereto;

"Labrador Transco Demobilization Costs Account" has the meaning ascribed thereto in Section 4.13 of the Muskrat/LTA Project Finance Agreement;

"Labrador Transco Distribution Reserve Account" has the meaning ascribed thereto in Section 4.10 of the Muskrat/LTA Project Finance Agreement;

"Labrador Transco Insurance Reserve Account" has the meaning ascribed thereto in Section 4.11 of the Muskrat/LTA Project Finance Agreement;

"Labrador Transco Project Accounts" refers collectively to the Labrador Transco Project Funding Account, the Labrador Transco Project Operating Account, the Labrador Transco Distribution Reserve Account, the Labrador Transco Demobilization Costs Account, the Labrador Transco Punch List Costs Account and the Labrador Transco Insurance Reserve Account;

"Labrador Transco Project Funding Account" has the meaning ascribed thereto in Section 4.8 of the Muskrat/LTA Project Finance Agreement;

"Labrador Transco Project Operating Account" has the meaning ascribed thereto in Section 4.9 of the Muskrat/LTA Project Finance Agreement;

"Labrador Transco Punch List Costs Account" has the meaning ascribed thereto in Section 4.12 of the Muskrat/LTA Project Finance Agreement;

"**Law**" means any international treaty, any domestic or foreign constitution or any federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation or order (including any consent, decree or administrative order) or any directive, guideline, policy or Authorization of any Governmental Authority;

"**Lead Arranger**" means <█>, in its capacity as the lead arranger with respect to the Funding Transaction Documents;

"**Lien**" means (i) any right of set-off or combination of accounts intended to secure the payment or performance of an obligation, (ii) any interest in property securing an obligation owed to, or a claim by, a Person other than the owner (which for the purposes hereof shall include a possessor under a title retention agreement and a lessee under a Capital Lease or in a Sale and Leaseback Transaction), including by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, hire purchase agreement, conditional sale agreement, deposit arrangement, deemed trust, title retention, Capital Lease, discount, factoring or securitization arrangement, deemed trust, on recourse terms, (iii) any preference, priority, adverse claim, levy, execution, seizure, attachment, garnishment or other encumbrance which binds property, and (iv) any agreement to grant any of the foregoing rights or interests;

"**LIL Collateral Agency Agreement**" means the collateral agency agreement dated <█>, 2013 entered into among, *inter alia*, the LIL Collateral Agent, Canada, the LIL Funding Vehicle, the Intermediary Trust, the Partnership and Opco;

"**LIL Collateral Agent**" means <█>, in its capacity as collateral agent under the LIL Collateral Agency Agreement;

"**LIL Event of Default**" means any of the events described in Article <█> of the LIL Project Finance Agreement;

"**LIL Funding Vehicle**" means Labrador - Island Link Funding Trust, a single purpose trust formed under the Laws of NL pursuant to the LIL FV Declaration of Trust;

"**LIL FV Declaration of Trust**" means the declaration of trust dated as of <█>, 2013 made by <█> as issuer trustee for the LIL Funding Vehicle;

"**LIL Indicative Credit Ratings**" means <█>;

"**LIL Initial Conditions Precedent**" has the meaning ascribed thereto in Section <█> of the LIL Project Finance Agreement;

"**LIL LP Agreement**" means the limited partnership agreement dated July 31, 2012 establishing the Partnership entered into between the General Partner, as general partner, and Nalcor LP, as limited partner;

"**LIL Project Finance Agreement**" means the [<█>financing agreement<█>] dated <█>, 2013 entered into between the Partnership, as borrower, the Intermediary Trust, as lender, the Collateral Agent, the General Partner and Opco;

"**Liquidity Reserves**" means all amounts on deposit in the LRA established pursuant to the provisions of the Muskrat/LTA Project Finance Agreement;

"**Loss Event**" has the meaning ascribed to it in Section 11.1 of the Muskrat/LTA Project Finance Agreement;

"**LRA**" has the meaning ascribed thereto in Section 4.15 of the Muskrat/LTA Project Finance Agreement;

"**LRA Release Date**" has the meaning ascribed thereto in subsection 4.15.5 of the Muskrat/LTA Project Finance Agreement;

"**LTA**" has the meaning ascribed thereto from time to time in the GIA;

"**LTA Additional Material Project Documents**" means the contracts and agreements listed in Schedule <■> to the Muskrat/LTA Project Finance Agreement;

"**LTA Additional Debt Concurrent Contribution**" has the meaning ascribed to it in Section 2.7 of the LTAESA;

"**LTA Base Equity Commitment**" means the commitment of Nalcor to invest \$<■> in Labrador Transco, directly or through one or more of its Subsidiaries, in order to fund the LTA Equity Rateable Share of the LTA Project Costs;

"**LTA Base Equity Contribution**" means the amounts invested from time to time by Nalcor in Labrador Transco, directly or through one or more of its Subsidiaries, under the LTA Base Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the Labrador Transco Project Funding Account by NL Crown pursuant to the provisions of the LTAESG in connection with the LTA Base Equity Commitment;

"**LTA Cash Call Notice**" has the meaning ascribed to it in Section 2.2 of the LTAESA;

"**LTA Commissioning**" has the meaning ascribed thereto from time to time in the GIA;

"**LTA Contingency Equity Commitment**" means the commitment of Nalcor to invest in Labrador Transco, directly or through one or more Subsidiaries, all amounts necessary to fund the LTA Equity Rateable Share of any Cost Variances and achieve Commissioning of the Projects;

"**LTA Contingency Equity Contribution**" means the amounts invested from time to time by Nalcor in Labrador Transco, directly or through one or more of its Subsidiaries, under the LTA Contingency Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the Labrador Transco Project Funding Account by NL Crown pursuant to the provisions of the LTAESG in connection with the LTA Contingency Equity Commitment;

"**LTA Debt Rateable Share**" means (i) in connection with either the LTA Base Equity Commitment or the LTA DSRA Equity Commitment, [ $\langle \blacksquare \rangle 65\% \langle \blacksquare \rangle$ ], and (ii) in connection with the LTA Contingency Equity Commitment, with respect to any Cost Variances that are to be funded at any particular time, and in relation to which Additional Debt may be incurred pursuant to the terms of the Muskrat/LTA Project Finance Documents, the lesser of [ $\langle \blacksquare \rangle 65\% \langle \blacksquare \rangle$ ] and the percentage resulting from the following calculation: (the amount of Additional Debt incurred by Labrador Transco to fund such Cost Variances / such Cost Variances)  $\times$  100;

"**LTA Demobilization Costs**" means the costs required to complete work on all Demobilization List Items related to the LTA;

"**LTA DSRA Equity Commitment**" means the commitment of Nalcor to invest in Labrador Transco, directly or through one or more of its Subsidiaries, in order to fund Labrador Transco's Project Rateable Share of the LTA Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

"**LTA DSRA Equity Contribution**" means the amount invested by Nalcor in Labrador Transco, directly or through one or more of its Subsidiaries, under the LTA DSRA Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the DSRA by NL Crown pursuant to the provisions of the LTAESG in connection with the LTA DSRA Equity Commitment;

"**LTA Equity Rateable Share**" means (i) in connection with either the LTA Base Equity Commitment or the LTA DSRA Equity Commitment, 35% and (ii) in connection with the LTA Contingency Equity Commitment, with respect to any Cost Variances that are to be funded at any particular time, the difference between 100% and the LTA Debt Rateable Share applicable with respect to such Cost Variances;

"**LTA Guaranteed Obligations**" means the obligation of Nalcor to pay to Labrador Transco all amounts required to be so paid by Nalcor under and pursuant to the LTAESA;

"**LTAESA**" means the equity support agreement to be entered into among Nalcor, Labrador Transco and the Collateral Agent;

"**LTAESG**" means the guarantee for the LTAESA to be entered into between NL Crown and the Collateral Agent;

"**LTA Initial Material Project Documents**" means the contracts, agreements and Authorizations described or referred to in Part  $\langle \blacksquare \rangle$  of Schedule " $\langle \blacksquare \rangle$ " to the Muskrat/LTA Project Finance Agreement;

"**LTA Loans**" means, as at any time, the aggregate principal amount of all Funds Releases made to Labrador Transco and outstanding at such time;

"**LTA LRA Equity Commitment**" means the commitment of Nalcor to invest in Labrador Transco, directly or through one or more of its Subsidiaries, in order to fund 15% of the Minimum LRA Requirement;

"**LTA LRA Equity Contribution**" means the amount invested by Nalcor in Labrador Transco, directly or through one or more of its Subsidiaries, under the LTA LRA Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the LRA by NL Crown pursuant to the provisions of the LTAESG in connection with the LTA LRA Equity Commitment;

"**LTA Material Project Documents**" refers collectively to the LTA Initial Material Project Documents and the LTA Additional Material Project Documents;

"**LTA NEFA**" means the LTA Equity Funding Agreement dated as of <■> and entered among Nalcor and Labrador Transco;

"**LTA NL Crown Contribution**" means any payment to the Collateral Agent for deposit to the Labrador Transco Project Funding Account, the DSRA or the LRA, as the case may be (or any direct deposit in the Labrador Transco Project Funding Account, DSRA or LRA, as the case may be) required to be made by NL Crown pursuant to Section 2.3 of the LTAESG;

"**LTA NL Crown Payment Demand**" means a notice, substantially in the form of the one attached as Schedule "A", Schedule "B", Schedule "C" or Schedule "D", as the case may be, to the LTAESG issued by the Collateral Agent to NL Crown under the provisions of Section 2.3 of the LTAESG;

"**LTA NL Payment Conditions**" has the meaning ascribed to it in Section 2.4 of the LTAESG.

"**LTA O&M Activities**" has the meaning ascribed to it from time to time in the GIA;

"**LTA Parties**" means collectively Nalcor and Labrador Transco;

"**LTA Payment**" has the meaning ascribed thereto from time to time in the GIA;

"**LTA Project Budget**" refers to the budget of LTA Project Costs set forth in Schedule "<■>" to the Muskrat/LTA Project Finance Agreement;

"**LTA Project Costs**" means collectively, without duplication, the Hard Costs and the Soft Costs and all other costs, fees and expenses relating to the development, construction and closing of the financing of the LTA, including the capital costs of any structures, and all financial, legal and consulting fees, costs and expenses, including any bonus payable to any Material Project Participant under any LTA Material Project Document and Labrador Transco's Credit Party Releable Share of the fees, costs and expenses forming part of the Various Agent Costs and Expenses, the Canada Project Costs and Expenses and the Funding Vehicle Project Costs and Expenses, all as described in the LTA Project Budget, whether such LTA Project Costs are incurred by Nalcor prior to the Closing Date or by Labrador Transco at any time;

"**LTA Project Plans**" refers collectively to the plans, specifications and drawings with respect to the LTA attached as schedules, appendices, annexes or exhibits to the <■>, as amended in accordance with the provisions of Section <■> of the Muskrat/LTA Project Finance Agreement;  
[NOTE TO DRAFT: Nalcor to confirm.]



"**LTA Project Schedule**" means Part <■> of the schedule for construction and Commissioning of the Projects as set forth in Schedule "<■>" to the Muskrat/LTA Project Finance Agreement;

"**LTA Punch List Costs**" means the costs required to complete work on all Punch List Items related to the LTA;

"**LTA Services**" has the meaning ascribed thereto from time to time in the GIA;

"**LTA Site**" means [<■>the premises in respect of which Labrador Transco has ownership, leasehold, statutory easement, easement or other rights of access, use or occupancy on which the LTA is situated<■>]; [NOTE TO DRAFT: Nalcor to confirm.]

"**LTA Step-In Agreement**" means the step-in agreement relating to the Partnership in the form attached as Schedule <■> to the GIA;

"**Maritime Link**" has the meaning ascribed to it from time to time in the PPA;

"**Material Adverse Effect**" means:

- (i) any material adverse change in the Assets or financial condition, of the Credit Parties taken as a whole;
- (ii) any material impairment in the ability of the Credit Parties to fulfill any payment covenant or obligation to the Funding Vehicle and the Collateral Agent under the Muskrat/LTA Project Finance Documents or to any Material Project Participant under the Material Project Documents; and
- (iii) any material impairment of the Rights, Recourses and/or Remedies of the Collateral Agent or any of the GAA Finance Parties under the Muskrat/LTA Security Documents;

"**Material Project Documents**" refers collectively to the Muskrat Material Project Documents and the LTA Material Project Documents;

"**Material Project Participants**" means (i) Muskrat; (ii) Labrador Transco; and (iii) each other Person party to a Material Project Document or an Additional Material Project Document;

"**MF Additional Debt Concurrent Contribution**" has the meaning ascribed to it in Section 2.7 of the MFESA;

"**MF Base Equity Commitment**" means the commitment of Nalcor to invest \$<■> in Muskrat, directly or through one or more of its Subsidiaries, in order to fund the MF Equity Rateable Share of the MF Project Costs;

"**MF Base Equity Contribution**" means the amounts invested from time to time by Nalcor in Muskrat, directly or through one or more of its Subsidiaries, under the MF Base Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the Muskrat Project Funding Account by NL

Crown pursuant to the provisions of the MFESG in connection with the MF Base Equity Commitment;

"**MF Cash Call Notice**" has the meaning ascribed to it in Section 2.2 of the MFESA;

"**MF Contingency Equity Commitment**" means the commitment of Nalcor to invest in Muskrat, directly or through one or more Subsidiaries, all amounts necessary to fund the MF Equity Rateable Share of any Cost Variances and achieve Commissioning of the Projects;

"**MF Contingency Equity Contribution**" means the amounts invested from time to time by Nalcor in Muskrat, directly or through one or more of its Subsidiaries, under the MF Contingency Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the Muskrat Project Funding Account by NL Crown pursuant to the provisions of the MFESG in connection with the MF Contingency Equity Commitment;

"**MF Debt Rateable Share**" means (i) in connection with either the MF Base Equity Commitment or the MF DSRA Equity Commitment, [ $\blacksquare$ >65%< $\blacksquare$ >], and (ii) in connection with the MF Contingency Equity Commitment, with respect to any Cost Variances that are to be funded at any particular time, and in relation to which Additional Debt may be incurred pursuant to the terms of the Muskrat/LTA Project Finance Documents, the lesser of [ $\blacksquare$ >65%< $\blacksquare$ >] and the percentage resulting from the following calculation: (the amount of Additional Debt incurred by Muskrat to fund such Cost Variances / such Cost Variances)  $\times$  100;

"**MF DSRA Equity Commitment**" means the commitment of Nalcor to invest in Muskrat, directly or through one or more of its Subsidiaries, in order to fund Muskrat's Project Rateable Share of the MF Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

"**MF DSRA Equity Contribution**" means the amount invested by Nalcor in Muskrat, directly or through one or more of its Subsidiaries, under the MF DSRA Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the DSRA by NL Crown pursuant to the provisions of the MFESG in connection with the MF DSRA Equity Commitment;

"**MF Equity Rateable Share**" means (i) in connection with either the MF Base Equity Commitment or the MF DSRA Equity Commitment, 35% and (ii) in connection with the MF Contingency Equity Commitment, with respect to any Cost Variances that are to be funded at any particular time, the difference between 100% and the MF Debt Rateable Share applicable with respect to such Cost Variances;

"**MFESA**" means the equity support agreement to be entered into among Nalcor, Muskrat and the Collateral Agent;

"**MFESG**" means the guarantee for the MFESA to be entered into between NL Crown and the Collateral Agent;

"**MF Guaranteed Obligations**" means the obligation of Nalcor to pay to Muskrat all amounts required to be so paid by Nalcor under and pursuant to the MFESA;

"**MF Loans**" means, as at any time, the aggregate principal amount of all Funds Releases made to Muskrat and outstanding at such time;

"**MF LRA Equity Commitment**" means the commitment of Nalcor to invest in Muskrat, directly or through one or more of its Subsidiaries, in order to fund 85% of the Minimum LRA Requirement;

"**MF LRA Equity Contribution**" means the amount invested by Nalcor in Muskrat, directly or through one or more of its Subsidiaries, under the MF LRA Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the LRA by NL Crown pursuant to the provisions of the MFESG in connection with the MF LRA Equity Commitment;

"**MF NEFA**" means the MF Equity Funding Agreement dated as of <■> and entered among Nalcor and Muskrat;

"**MF NL Crown Contribution**" means any payment to the Collateral Agent for deposit to the Muskrat Project Funding Account, the DSRA or the LRA, as the case may be (or any direct deposit in the Muskrat Project Funding Account, DSRA or LRA, as the case may be) required to be made by NL Crown pursuant to Section 2.3 of the MFESG;

"**MF NL Crown Payment Demand**" means a notice, substantially in the form of the one attached as Schedule "A", Schedule "B", Schedule "D" or Schedule "D", as the case may be, to the MFESG issued by the Collateral Agent to NL Crown under the provisions of Section 2.3 of the MFESG;

"**MF NL Payment Conditions**" has the meaning ascribed to it in Section 2.4 of the MFESG.

"**MF Parties**" means collectively Nalcor and Muskrat;

"**MF Plant**" has the meaning ascribed thereto from time to time in the PPA;

"**MF Plant Commissioning**" has the meaning ascribed thereto from time to time in the PPA;

"**MF Plant Site**" means the premises in respect of which Muskrat has ownership, leasehold, statutory easement, easement or other rights of access, use or occupancy on which the MF Plant is situated; [NOTE TO DRAFT: Nalcor to confirm.]

"**MF Project Budget**" refers to the budget of MF Project Costs set forth in Schedule "<■>" to the Muskrat/LTA Project Finance Agreement;

"**MF Project Costs**" means collectively, without duplication, the Hard Costs and the Soft Costs and all other costs, fees and expenses relating to the development, construction and closing of the financing of the MF Plant, including the capital costs of any structures, and all financial, legal and consulting fees, costs and expenses, including any bonus payable to any Material Project

Participant under any Muskrat Material Project Document and Muskrat's Project Rateable Share of the fees, costs and expenses forming part of the Various Agent Costs and Expenses, the Canada Project Costs and Expenses and the Funding Vehicle Project Costs and Expenses, all as described in the MF Project Budget, whether such MF Project Costs are incurred by Nalcor prior to the Closing Date or by Muskrat at any time;

"**MF Project Plans**" refers collectively to the plans, specifications and drawings with respect to the MF Plant attached as schedules, appendices, annexes or exhibits to the <█>, as amended in accordance with the provisions of Section <█> of the Muskrat/LTA Project Finance Agreement; **[NOTE TO DRAFT: Nalcor to confirm.]**

"**MF Project Schedule**" means Part <█> of the schedule for construction and Commissioning of the Projects as set forth in Schedule "<█>" to the Muskrat/LTA Project Finance Agreement;

"**Minimum DSRA Requirement**", with respect to any Minimum DSRA Requirement Fixing Date, has the meaning ascribed thereto in Schedule "<█>" of the Muskrat/LTA Project Finance Agreement; **[NOTE TO DRAFT: The schedule would have to be prepared to provide for the Minimum DSRA Requirement for each Minimum DSRA Requirement Fixing Date based on the amortization of the loans and the applicable interest rate, with the first Minimum DSRA Requirement being fixed for the purposes of Commissioning. The Minimum DSRA Requirement schedule will have to be designed so as to exclude the loans payable on their maturity date in respect of any period that includes the last 6 months immediately prior to the maturity of the loans. In addition, if we have sequential bond issuances, additional adjustments reflecting the Note to Draft under the definition of Total Debt Service will be necessary.]**

"**Minimum DSRA Requirement Fixing Date**" <█>;

"**MLA**" means the *Mechanics' Lien Act* (NL);

"**Moody's**" means Moody's Investors Service, Inc. and its successors;

"**MSA**" means the management and support services agreement dated <█>, entered into between <█> and the Credit Parties; **[NOTE TO DRAFT: It is likely that the MSA will not have been executed by financial close because the technical information to be included therein may not become available until Commissioning. As such, we would suggest that the MSA not form part of the agreements to be delivered by financial close, but that it form part of the Commissioning conditions precedent instead.]**

"**MTI**" means the master trust indenture dated <█>, 2013 entered into between the Funding Vehicle and the Indenture Trustee;

"**Muskrat**" means Muskrat Falls Corporation, a NL corporation, and includes any successor thereto;

"**Muskrat Additional Material Project Documents**" means the contracts and agreements listed in Schedule <█> to the Muskrat/LTA Project Finance Agreement;

"**Muskrat Demobilization Costs Account**" has the meaning ascribed thereto in Section 4.7 of the Muskrat/LTA Project Finance Agreement;

"**Muskrat Demobilization Costs**" means the costs required to complete works on all Demobilization List Items related to the MF Plant;

"**Muskrat Distribution Reserve Account**" has the meaning ascribed thereto in Section 4.4 of the Muskrat/LTA Project Finance Agreement;

"**Muskrat Initial Material Project Documents**" means the contracts, agreements and Authorizations described or referred to in Parts <■> of Schedule "<■>" to the Muskrat/LTA Project Finance Agreement;

"**Muskrat Insurance Reserve Account**" has the meaning ascribed thereto in Section 4.5 of the Muskrat/LTA Project Finance Agreement;

"**Muskrat/LTA Collateral Trust Deed**" has the meaning ascribed to it in subsection 2.1.1 of the Muskrat/LTA Project Finance Agreement;

"**Muskrat/LTA Due Date**" means, with respect to any payment due by the Credit Parties under any Muskrat/LTA Project Finance Document, the date on which such payment is required to be made by the Credit Parties pursuant to the provisions of that Muskrat/LTA Project Finance Document (without taking into account any grace period granted to the Credit Parties to cure any failure to pay) and, where any amount is payable on demand made by the Collateral Agent, the date that the Collateral Agent makes such a demand;

"**Muskrat/LTA Event of Default**" means any of the events described in Article 9 of the Muskrat/LTA Project Finance Agreement;

[<■>"**Muskrat/LTA Hedge Contracts**" is the collective reference to the Derivative Instruments entered into from time to time between the Credit Parties and any Muskrat/LTA Hedge Provider;<■>]

[<■>"**Muskrat/LTA Hedge Provider**" shall mean any Person that enters into a Muskrat/LTA Hedge Contract with the Credit Parties as counterparties and shall include the Funding Vehicle;<■>]

"**Muskrat/LTA Initial Conditions Precedent**" has the meaning ascribed to such expression in Section 3.1 of the Muskrat/LTA Project Finance Agreement;

"**Muskrat/LTA Payment**" means any payment of principal, interest, fees or other amounts payable by the Credit Parties under the Muskrat/LTA Project Finance Agreement;

"**Muskrat/LTA Project Finance Agreement**" means the [<■>financing agreement<■>] dated as of <■>, 2013 entered into among the Credit Parties, as borrowers, the Funding Vehicle, as lender, and the Collateral Agent;

**"Muskrat/LTA Project Finance Documents"** means the Muskrat/LTA Project Finance Agreement, the Muskrat/LTA Security Documents, the Equity Agreements, the Collateral Agency Agreement and each document, instrument or agreement entered into by or between the Funding Vehicle, the Credit Parties, the Collateral Agent or any other Person in connection with the Funding Vehicle lending funds to the Credit Parties or which is supplemental to the Muskrat/LTA Project Finance Agreement but expressly excludes the Material Project Documents;

**"Muskrat/LTA Proceeds Account"** has the meaning ascribed thereto in Section 4.1 of the Muskrat/LTA Project Finance Agreement;

**"Muskrat/LTA Proceeds Account Balance"** means, as at any time, the amount standing to the credit of the Muskrat/LTA Muskrat/LTA Proceeds Account at such time including, for greater certainty, any Income on Account Balances deriving therefrom;

**"Muskrat/LTA Secured Obligations"** refers collectively to all the obligations of the Credit Parties under the Muskrat/LTA Project Finance Documents, including the obligation of the Credit Parties to repay []the Loans upon the terms and conditions provided for under the Muskrat/LTA Project Finance Agreement []and the obligations of the Credit Parties to the Muskrat/LTA Hedge Providers under the Muskrat/LTA Hedge Contracts];

**"Muskrat/LTA Security Documents"** is the collective reference to the agreements and documents referred to in Article 2 of the Muskrat/LTA Project Finance Agreement;

**"Muskrat/LTA Security Trustee"** means , a trust company, in its capacity as security trustee under certain Muskrat/LTA Security Documents;

**"Muskrat Material Project Documents"** refers collectively to the Muskrat Initial Material Project Documents and the Muskrat Additional Material Project Documents;

**"Muskrat Project Accounts"** refers collectively to the Muskrat Project Funding Account, the Muskrat Project Operating Account, the Muskrat Distribution Reserve Account, the Muskrat Demobilization Costs Account, the Muskrat Punch List Costs Account and the Muskrat Insurance Reserve Account;

**"Muskrat Project Funding Account"** has the meaning ascribed thereto in Section 4.2 of the Muskrat/LTA Project Finance Agreement;

**"Muskrat Project Operating Account"** has the meaning ascribed thereto in Section 4.3 of the Muskrat/LTA Project Finance Agreement;

**"Muskrat Punch List Costs"** means the costs required to complete work on all Punch List Items related to the MF Plant;

**"Muskrat Punch List Costs Account"** has the meaning ascribed therein in Section 4.6 of the Muskrat/LTA Project Finance Agreement;

"**Muskrat Step-In Agreements**" means the step-in agreement relating to Muskrat in the form attached as Schedule [ ] to the GIA and Schedule [ ] to the PPA;

"**Nalcor**" means Nalcor Energy, a body corporate existing pursuant to the *Energy Corporation Act* (NL), in its own right and not as an agent of NL Crown, and includes any successor thereto;

"**Nalcor LP**" means Labrador - Island Link Holding Corporation, a NL corporation, and includes any successor thereto;

"**Nalcor LTA Base Equity Contribution**" has the meaning ascribed to it in Section 2.3 of the LTAESA;

"**Nalcor LTA Contingency Equity Contribution**" has the meaning ascribed thereto in subsection 2.4 of the LTAESA;

"**Nalcor LTA Contribution**" as the context requires, refers to any one of the Nalcor LTA Base Equity Contribution, Nalcor LTA Contingency Equity Contribution, Nalcor LTA DSRA Equity Contribution or Nalcor LTA LRA Equity Contribution;

"**Nalcor LTA DSRA Equity Contribution**" has the meaning ascribed thereto in subsection 2.5 of the LTAESA;

"**Nalcor LTA LRA Equity Contribution**" has the meaning ascribed thereto in subsection 2.6 of the LTAESA;

"**Nalcor MF Base Equity Contribution**" has the meaning ascribed to it in Section 2.3 of the MFESA;

"**Nalcor MF Contingency Equity Contribution**" has the meaning ascribed thereto in subsection 2.4 of the MFESA;

"**Nalcor MF Contribution**" as the context requires, refers to any one of the Nalcor MF Base Equity Contribution, Nalcor MF Contingency Equity Contribution, Nalcor MF DSRA Equity Contribution or Nalcor MF LRA Equity Contribution;

"**Nalcor MF DSRA Equity Contribution**" has the meaning ascribed thereto in subsection 2.5 of the MFESA;

"**Nalcor MF LRA Equity Contribution**" has the meaning ascribed thereto in subsection 2.6 of the MFESA;

"**Nalcor Sanction Resolution**" refers collectively to (i) the sanction resolution of the board of directors of Nalcor of December 5, 2012 with respect to, *inter alia*, the Project, (ii) the sanction resolution of the board of directors of Nalcor of March 22, 2013 with respect to, *inter alia*, the Project and (iii) the sanction resolution of the board of directors of the General Partner of April 11, 2013 with respect to the Project,

"**NL**" means the Province of Newfoundland and Labrador;

"**NL Crown**" means Her Majesty in right of NL;

"**NLH**" means Newfoundland and Labrador Hydro, a body corporate existing pursuant to the *Hydro Corporation Act, 2007* (NL), in its own right and not as agent of the Crown, and includes any successor thereto;

"**NLH External Market Sales**" has the meaning ascribed thereto from time to time in the PPA;

"**NS**" means the Province of Nova Scotia;

"**NS IGA**" means the intergovernmental agreement to be entered into between NS and Canada in connection with the Maritime Link;

"**O&M Activities**" has the meaning ascribed to it from time to time in the PPA;

"**O&M Costs**" means, with respect to Muskrat "O&M Costs" as defined from time to time in the PPA and with respect to Labrador Transco, "LTA O&M Costs" as defined from time to time in the GIA;

"**Oliver Letter**" means the letter executed by Joe Oliver, Minister of Natural Resources, Government of Canada, as of January 4, 2013 in connection with certain conditions precedent to be satisfied under the [<■>Muskrat/LTA Project Finance Agreement<■>], and addressed to Jerome Kennedy, Minister of Natural Resources, Government of Newfoundland and Labrador;

"**Opco**" means Labrador – Island Link Operating Corporation, a NL corporation, and includes any successor thereto;

"**Operating Period**" means the period commencing on the [<■>Commissioning Date<■>] and terminating on the earlier of:

- (i) the thirty-fifth (35<sup>th</sup>) anniversary of the Closing Date;
- (ii) the date that the [<■>Construction Facility<■>] is terminated and cancelled in its entirety under the provisions of Section 10.1 of the Muskrat/LTA Project Finance Agreement; and
- (iii) the date of any other cancellation of the [<■>Construction Facility<■>] in its entirety;

"**Operating Report**" has the meaning ascribed to it in subsection 7.1.3 of the Muskrat/LTA Project Finance Agreement;

"**Operating Year**" has the meaning ascribed thereto from time to time in the PPA or the GIA, as the context requires;

"**Other Project Costs**" means, with respect to each Project, the MF Project Costs or the LTA Project Costs, as the case may be, other than such Project Costs comprised of the applicable Project Rateable Share of the fees, costs and expenses forming part of the Various Agent Costs



and Expenses, the Canada Costs and Expenses and the Funding Vehicle Project Costs and Expenses;

**"P50 Confidence Level"** means, in respect of the MF Plant, [] the ten (10) year energy production estimate of  GWh per annum, having a 50% exceedance case based upon uncertainty analysis carried out by Muskrat;] **[NOTE TO DRAFT: Nalcor to confirm - used in "Contracted Revenues.]**

**"Partnership"** means Labrador - Island Link Limited Partnership, a limited partnership formed under the *Limited Partnership Act* (NL) pursuant to the LIL LP Agreement and includes any successor thereto;

**"Paying Agent"** means any bank or trust company or other Person designated as a paying agent for a Series of FV Bonds in any Supplemental Indenture and its successors or permitted assigns, or its successor appointed in the manner provided in the MTI or in such Supplemental Indenture;

**"PDMA"** means, collectively, (i) the project development and management agreement dated as of , entered into between [] the Credit Parties and Devco], and (ii) the project coordination and interface agreement dated as of , entered into among the Partnership, Opco, Devco and the Credit Parties;

**"Pension Plan"** means any plan, program, arrangement or understanding that provides pension or retirement benefits (whether or not registered under any applicable pension benefits or Tax Laws in Canada), including post-retirement employee benefits, which is maintained or contributed to (or to which there is or may be an obligation to contribute) by a Credit Party in respect of any individual's employment with such Credit Party in Canada or a province or territory thereof;

**"Performance Testing"** means ; **[NOTE TO DRAFT: Nalcor to provide a definition of Performance Testing.]**

**"Permitted Encumbrances"** means, with respect to any Credit Party, as at any time, any one or more of the following:

- (i) Statutory Prior Liens; provided that, the Statutory Prior Claims secured thereby are not yet delinquent (taking into account any relevant grace periods);
- (ii) liens for assessments or governmental charges or levies which are not delinquent (taking into account any relevant grace periods) or, if overdue, the validity or amount of which is being contested diligently and in good faith by appropriate proceedings and in respect of which adequate reserves in accordance with GAAP have been recorded on the balance sheet of such Person;
- (iii) construction, mechanics', carriers, warehousemen's, storage, repairers' and materialmen's Liens but only if the obligations secured by such Liens are not due and delinquent and no Lien has been registered against title to any

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Assets of such Person or if a Lien has been registered, same is being defended diligently and in good faith by appropriate proceedings and in respect of which adequate reserves in accordance with GAAP have been recorded on the balance sheet of such Person;

- (iv) easements, encroachments, rights of way, servitudes, licences, reservations, covenants, restrictive covenants or other similar rights in land granted to or reserved by other Persons, rights of way for sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties, which easements, encroachments, rights of way, servitudes, licences, reservations, covenants, restrictive covenants, other similar rights and restrictions do not, in the aggregate, materially impair the conduct of the business of such Person;
- (v) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown in right of Canada or any province or territory thereof;
- (vi) title defects or irregularities which are of a minor nature and which do not in the aggregate materially detract from the value of the assets of such Person encumbered thereby or materially interfere with the use thereof in the operation of the business of such Person;
- (vii) Liens, charges or other security interests given to a public utility or any Governmental Authority when required by such utility or other authority; provided that, such Liens do not in the aggregate materially detract from the value of the assets of such Person, or materially interfere with the use thereof in the operation of the business of such Person;
- (viii) servicing agreements, development agreements, site plan agreements, facilities sharing agreements, cost sharing agreements and other similar agreements with Governmental Authorities pertaining to the use or development of any of the assets of such Person; provided that, same have been, are, and continue to be complied with in all material respects, including any obligations to deliver letters of credit and other security as required;
- (ix) applicable municipal and other governmental restrictions, including municipal by-laws and regulations, affecting the use of land or the nature of any structures which may be erected thereon; provided that, such restrictions have been, are, and continue to be complied with;
- (x) Liens arising from court or arbitral proceedings; provided that, the claims secured thereby are being contested diligently and in good faith by such Person, execution thereon has been stayed and continues to be stayed and

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such Liens do not, in the aggregate, impair the use of any assets of such Person in the conduct of business;

- (xi) deposits of cash securities in connection with any appeal, review or contestation of any security or Lien, or any matter giving rise to any security or Lien, described in paragraph (x) above;
- (xii) any agreement or arrangement pursuant to which such Person pledges cash to any insurer, guarantor or third party contractor, made in the ordinary course of business to secure the performance of bids, tenders, contracts (other than contracts of debt), leases, customs duties and other similar obligations;
- (xiii) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of combination of accounts or similar rights in the ordinary course of conducting day-to-day banking business in relation to deposit accounts or other funds maintained with a creditor depository institution (collectively, "**Banker's Liens**"); provided that, such Banker's Liens (a) do not relate to any deposit account that is a dedicated cash collateral account which is subject to restrictions against access by the depositor or account holder, (b) do not relate to any deposit account intended by the depositor or account holder to provide collateral to the depository institution, and (c) in respect of the Partnership only, are not intended directly or indirectly to secure the payment or performance of Indebtedness or any other obligation other than Additional Debt;
- (xiv) any Lien in favour or for the benefit of the Funding Vehicle, [█]the Muskrat/LTA Hedge Providers[█], the Collateral Agent or the Muskrat/LTA Security Trustee securing the Muskrat/LTA Secured Obligations;
- (xv) any Lien securing Purchase Money Obligations permitted to be outstanding under subsection 8.2.5 of the Muskrat/LTA Project Finance Agreement; provided that, each such Lien only affects the property with respect to which the Purchase Money Obligation it secures was incurred;
- (xvi) Liens securing Additional Debt permitted to be outstanding under subsection 8.2.6 of the Muskrat/LTA Project Finance Agreement;
- (xvii) exceptions and qualifications in Section █ of the *Lands Act* (NL); and
- (xviii) in respect of Muskrat only, any Lien granted on the MF Plant in favour or NLH [█]provided that such Lien is expressly subordinated by its terms to the Liens created pursuant to the Muskrat/LTA Security Documents[█]; and
- (xix) any Lien granted on the LTA by Labrador Transo in favour of Muskrat and any assignment thereof or Lien thereon or on the LTA by Muskrat in

favour of NLH, [redacted] in each case, provided that such Liens are expressly subordinated by their terms to the Liens created pursuant to the Muskrat/LTA Security Documents];

**"Permitted Investments"** means book based securities, negotiable instruments, investments or securities that evidence:

- (i) obligations issued or fully guaranteed by the Government of Canada;
- (ii) obligations issued or fully guaranteed by any Province of Canada which has a long term debt rating of "A+" or better by S&P, "A (high)" or better by DBRS or "A1" or better by Moody's, and has such rating from at least two of the Rating Agencies;
- (iii) demand deposits of depository institutions, term deposits of depository institutions or certificates of deposit of depository institutions, in each case where any such depository institution is either (a) one of the five largest (by assets) Canadian Schedule I Banks or (b) is a depository institution that has a combined capital and surplus of at least CDN\$1 billion, has a short term debt rating of "A 1+" or better by S&P or "R1 (mid)" or better by DBRS and is regulated by the Office of the Superintendent of Financial Institutions (Canada);
- (iv) deposits with and notes or bankers' acceptances issued or accepted by any depository institution described in (iii) above;
- (v) money market funds which have a rating of "AAA m" or "AAA mg" or better by S&P or "R1 (mid)" or better by DBRS or have otherwise been approved in writing by the Collateral Agent; and
- (vi) any other investments approved in writing by the Collateral Agent;

**"Person"** means an individual, corporation, estate, partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Authority;

**"PPA"** means the power purchase agreement to be entered into between NLH and Muskrat relating, among other things, to the sale and delivery of energy from the MF Plant;

**"PPSA"** means the *Personal Property Security Act* (NL);

**"Principal Indemnity Claims"** has the meaning ascribed to it from time to time in Section [redacted] 5.16 [redacted] of the Collateral Agency Agreement;

**"Principal Indemnified Parties"** means the GAA Finance Parties, the Credit Parties and their respective Affiliates, directors, officers, employees, advisors, representatives and agents;

**"Proceeding"** means any action, suit, inquiry, investigation, arbitration or dispute settlement procedure, or any court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal);

**"Proceeds of Realization"** refers to any and all monies received, collected, generated or that arose from the exercise of any Rights, Remedies and/or Recourses including any monies involved in any operation of set-off;

**"Project Accounts"** means the Muskrat Project Accounts, the Labrador Transco Project Accounts, the Muskrat/LTA Proceeds Accounts, the DSRA and the LRA;

**"Project Budget"** refers collectively to the MF Project Budget and the LTA Project Budget;

**"Project Costs"** means the MF Project Costs and the LTA Project Costs;

**"Project Financing Duties"** means the FV Trust Activities with respect to (i) the lending of money from time to time, to the Credit Parties as direct secured lender pursuant to the Muskrat/LTA Project Finance Documents, (ii) the performance of all obligations and the exercise of all rights of the Funding Vehicle, in its capacity as secured lender under the Muskrat/LTA Project Finance Documents, and (iii) all matters incidental or ancillary to the activities described in clauses (i) and (ii) of this definition including the matters contemplated in Sections 3.2 and 3.4 of the Collateral Agency Agreement, in each case acting in accordance with the instructions of the Funding Vehicle and Canada, each acting reasonably;

**"Project Financing Duty Requirement"** has the meaning ascribed to it from time to time in Section [4.2] of the Collateral Agency Agreement;

**"Project Funding Accounts"** means the Muskrat Project Funding Account and the Labrador Transco Project Funding Account;

**"Project Operating Accounts"** means the Muskrat Project Operating Account and the Labrador Transco Project Operating Account;

**"Project Plans"** refers collectively to the MF Project Plans and the LTA Project Plans;

**"Project Rateable Share"** means: [NOTE TO DRAFT: Nalcor to confirm.]

- (i) during the Construction Period, when Funds Releases are made concurrently to Muskrat and Labrador Transco:
  - (C) with respect to Muskrat, 85%;
  - (D) with respect to Labrador Transco, 15%;
- (ii) during the Construction Period, when Funds Releases are not made concurrently to Muskrat and Labrador Transco, with respect to each Credit Party, 100%; and

- (iii) during the Operating Period:
  - (A) with respect to Muskrat, the ratio of the MF Loans to the sum of the MF Loans and the LTA Loans; and
  - (B) with respect to Labrador Transco, the ratio of the LTA Loans to the sum of the LTA Loans and the MF Loans;

**"Project Schedule"** means the MF Project Schedule and the LTA Project Schedule;

**"Projects"** means the MF Plant and the LTA, and **"Project"** refers to either one thereof;

**"Prospective Debt Service Coverage Ratio"** or **"Prospective DSCR"** means, as at any date of calculation thereof, the Base Cash Flow for the period of twelve (12) calendar months immediately following the date of calculation, divided by:

- (i) where the calculation is being made for the purposes of subsection 8.2.6 of the Muskrat/LTA Project Finance Agreement in connection with any determination of whether a Credit Party may incur Additional Debt, Total Debt Service for the same period, calculated on a rolling basis and including therein the Additional Debt proposed to be incurred as if such Additional Debt had been incurred on the first day of such period; and
- (ii) where the calculation is being made for any other purpose, Total Debt Service for such period;

**"Provincial Environmental Assessment"** means <■>;

**"Punch List Costs"** refers collectively to the LTA Punch List Costs and the Muskrat Punch List Costs;

**"Punch List Costs Accounts"** means the Muskrat Punch List Costs Account and the Labrador Transco Punch List Costs Account;

**"Punch List Costs LTA Funds Release"** means the Funds Release to be made to Labrador Transco pursuant to the provisions of Section 3.4 of the Muskrat/LTA Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph [<@>xii<@>] of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the LTA Punch List Costs;

**"Punch List Costs Muskrat Funds Release"** means the Funds Release to be made to Muskrat pursuant to the provisions of Section 3.4 of the Muskrat/LTA Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph [<■>(xii)<■>] of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the Muskrat Punch List Costs;

**"Punch List Items"** has the meaning ascribed to it in Section 6.20 of the Muskrat/LTA Project Finance Agreement;

**"Purchase Money Obligation"** means, with respect to any Person, any indebtedness assumed as part of, or issued or incurred in respect of, the cost of acquisition, including by way of conditional sales contract or leasing by way of a Capital Lease of any property (including shares of Capital Stock) or of the cost of construction, improvement or extension of any property acquired, constructed, improved or extended or leased by way of a Capital Lease, which indebtedness existed at the time of acquisition, construction, improvement or extension or was created, issued, incurred, assumed or Guaranteed contemporaneously with the acquisition, construction, improvement or extension or leasing by way of a Capital Lease or within ninety (90) days after the Commissioning thereof and includes any extension, renewal or refinancing of any such indebtedness if the amount thereof outstanding on the date of such extension, renewal or refinancing is not increased, it being expressly understood that Purchase Money Obligation shall not include any trade payables incurred in the ordinary course of business and for the purpose of carrying on same or any Indebtedness incurred in connection with any Sale and Leaseback Transaction;

**"Rating Agency"** means any of S&P, Moody's and DBRS and its respective successors or, if such rating agencies or their successors do not remain in operation in Canada, such nationally recognized statistical rating agency or other comparable Person designated by the Partnership;

**"Realization Costs"** refers collectively to:

- (i) all costs and expenses incident to the exercise of Rights, Remedies and/or Recourses including reasonable fees and out-of-pocket expenses of counsel, accountants and other professionals, escrow fees, recording fees, broker's fees, any fees, costs and expenses incurred in connection with any sale or foreclosure of any property or asset, and all applicable transfer taxes that may be imposed by reason of any such sale or foreclosure and the delivery of any and all instruments in connection therewith;
- (ii) any claim or debt, in principal, interest, fees and other amounts which, notwithstanding the provisions of any Muskrat/LTA Project Finance Document, by Law is payable by preference over the Muskrat/LTA Secured Obligations; and
- (iii) the fees, costs and expenses of the Funding Vehicle and the Collateral Agent exercising Rights, Remedies and/or Recourses, including any indemnity paid to any thereof;

**"Registration"** means any notice to or filing, publication, recording or registration with any Governmental Authority having jurisdiction with respect to any specified Person, transaction or event, or any of such Person's Assets;

**"Release"** shall mean (i) when used as a verb, release, spill, leak, emit, deposit, discharge, leach, migrate, dump, issue, empty, place, seep, exhaust, abandon, bury, incinerate or dispose into the environment and (ii) when used as a noun, has a correlative meaning;

**"Remedies Consultation Period"** has the meaning ascribed to it in Section 10.1 of the Muskrat/LTA Project Finance Agreement;

**"Repair Conditions"** means, in respect of any event giving rise to any insurance proceeds:

- (i) no Muskrat/LTA Event of Default has occurred and is continuing other than a Muskrat/LTA Event of Default resulting solely from such damage or destruction;
- (ii) the applicable Credit Party and the Independent Engineer certify, and the Collateral Agent determines in its judgment, that repair or restoration of the applicable Project is technically and economically feasible and that a sufficient amount of funds is or will be available to such Credit Party to make such repairs and restorations;
- (iii) the Collateral Agent determines that after repair and restoration the applicable Project will be able to continue to service the applicable Project Rateable Share of the [ <■>Loans<■>] and pay all other amounts due to the Funding Vehicle by such Credit Party under the Muskrat/LTA Project Finance Agreement, as and when due; and
- (iv) no material Authorization is necessary to proceed with the repair and restoration and no material amendment to the Muskrat/LTA Project Finance Agreement or any of the Muskrat/LTA Project Finance Documents and no other instrument, is necessary for the purpose of effecting the repairs or restorations or subjecting the repairs or restorations to the Liens of the Muskrat/LTA Security Documents or, if any such amendment or instrument is necessary, the applicable Credit Party will be able to obtain same as and when required;

**"Replacement Obligor"** means, with respect to any Person party to a Material Project Document (other than the Credit Parties), any other Person satisfactory to the Collateral Agent, who, pursuant to any definitive agreement or definitive guarantee satisfactory to the Collateral Agent, assumes the obligations of such first Person or enters into a new contract on terms and conditions no less favourable to the applicable Credit Party, than those which such first Person being replaced is obligated to provide pursuant to the applicable Material Project Document;

**"Required LTA Base Equity Contribution Date"** has the meaning ascribed to it in subsection 2.3 of the LTAESA;

**"Required LTA Contingency Equity Contribution Date"** has the meaning ascribed to it in subsection 2.4 of the LTAESA;

**"Required LTA Contribution Date"** as the context requires, refers to any one of the Required LTA Base Equity Contribution Date, Required LTA Contingency Equity Contribution Date, Required LTA DSRA Equity Contribution Date and Required LTA LRA Contribution Date;

**"Required LTA DSRA Equity Contribution Date"** has the meaning ascribed to it in Section 2.5 of the LTAESA;



"**Required LTA LRA Equity Contribution Date**" has the meaning ascribed to it in Section 2.6 of the LTAESA;

"**Required MF Base Equity Contribution Date**" has the meaning ascribed to it in subsection 2.3 of the MFESA;

"**Required MF Contingency Equity Contribution Date**" has the meaning ascribed to it in subsection 2.4 of the MFESA;

"**Required MF Contribution Date**" as the context requires, refers to any one of the Required MF Base Equity Contribution Date, Required MF Contingency Equity Contribution Date, Required MF DSRA Equity Contribution Date and Required MF LRA Contribution Date;

"**Required MF DSRA Equity Contribution Date**" has the meaning ascribed to it in Section 2.5 of the MFESA;

"**Required MF LRA Equity Contribution Date**" has the meaning ascribed to it in Section 2.6 of the MFESA;

"**Requisite Instructions**" has the meaning ascribed to it from time to time in Section [ <■>4.3<■> ] of the Collateral Agency Agreement;

"**Responsible Officer**" means [ <■>the president, the chief executive officer, the chief financial officer, the vice-president or the treasurer of such Person<■>]; provided that, with respect to the Projects, it shall mean any of the foregoing officers of such Person or such other person duly authorized by resolution from time to time to execute any document relating to the Project, including <■>; [NOTE TO DRAFT: To be confirmed.]

"**Retrospective Debt Service Coverage Ratio**" or "**Retrospective DSCR**" means, as at any date of calculation thereof, the Base Cash Flow for the period of the then most recently completed twelve (12) calendar months divided by Total Debt Service for the same period, calculated on a rolling basis. When calculating the Retrospective DSCR prior to the completion of twelve (12) full calendar months commencing after the Commissioning Date, the completed months that commenced after such date and ended on or prior to the date of calculation are to be taken into account and the Retrospective DSCR will be calculated on [ <■>an annualized basis<■> ] with such months; [NOTE TO DRAFT: To be confirmed]

"**Rights, Remedies and/or Recourses**" with respect to any Person, refers to any personal action, provisional measure, any other real or personal right, whether same is exercised under the terms of any security or any other recourse whatsoever and including:

- (i) the right to accelerate any Indebtedness owed to such Person or to demand payment of any Indebtedness payable on demand or to demand payment under any Guarantee;
- (ii) the right to institute or prosecute any litigation;
- (iii) the right to set-off;

- (iv) the right to initiate or prosecute Insolvency Proceedings or Enforcement Proceedings; and
- (v) the exercise of the rights of a creditor under any Insolvency Proceeding.

"S&P" means Standard & Poor's Rating Service and its successors;

"Sale and Leaseback Transaction" means, with respect to any Person, any transaction or series of transactions whereby such Person sells, transfers or otherwise disposes of any of its Assets to another Person and within one (1) year of such sale, transfer or other disposition such Person leases or rents, as lessee, the same Assets under a lease, the term of which (including the initial term and any period for which the lease may be renewed or extended) exceeds two (2) years;

"Sales Taxes" means sales, transfer, turnover or value added taxes of any nature or kind, including the HST and federal, state and provincial sales and excise taxes;

"Security" means all security, evidenced by the documents referred to in Article 2 held from time to time by or on behalf of the Collateral Agent, securing or intended to secure repayment of the Muskrat/LTA Secured Obligations;

"Security Documents" refers collectively to the GAA Security Documents and the Muskrat/LTA Security Documents;

"Series" or "Series of FV Bonds" means all of the FV Bonds issued pursuant to or governed by a Supplemental Indenture and designated as a Series therein;

"Soft Costs" means, with respect to each Project, all of the financing, administrative and other similar costs identified in the MF Project Budget or the LTA Project Budget, as the case may be, including, without duplication: [NOTE TO DRAFT: Nalcor to confirm.]

- (i) the applicable Project Rateable Share of the interest payable on any <■>Loans<■> or Additional Debt and financing-related fees and costs, in each case incurred in connection with the Loans or Additional Debt, provided, however, that, if the [<■>amortization<■>] of the Loans has commenced prior to the Commissioning Date, any instalment in principal payable in connection with the Loans, excluding, however, any accelerated amount of principal [<■>save and except in the circumstances contemplated in Section <■> of the <■>]; [NOTE TO DRAFT: To be confirmed.]
- (ii) all general and administrative costs of the applicable Credit Party attributable to such Project;
- (iii) all principal, interest, financing fees and related costs incurred in connection with Purchase Money Obligations and Capital Leases, in each case incurred in connection with such Project; [<■>and to the extent that the amortization period has commenced prior to the Commissioning Date and to the extent that any instalments of principal become payable during

such period, then the applicable Credit Party's Rateable Share of the each such instalment as it becomes due, but only up to and excluding the Commissioning Date;<■>]

- (iv) the cost of funding the DSRA with the [<■>] applicable Project Rateable Share of the <■>] then applicable Minimum DSRA Requirement, by the Commissioning Date; and
- (v) [<■>] the applicable Credit Party's Rateable Share of all normal course payments and realized termination amounts or other breakage costs due and payable in connection with any Muskrat/LTA Hedge Contracts;<■>]

**"Statutory Easement"** has the meaning attributed to it by, and grants to a Holder the rights set forth in, the *Muskrat Falls Project Land Use and Expropriation Act* (NL) and in the Muskrat/LTA Project Finance Agreement includes, for certainty, any property or assets located upon, constructed, erected or affixed to the land encumbered by a Statutory Easement by or on behalf of the Holder of it;

**"Statutory Prior Claims"** relative to any Person, means, claims for unpaid wages, vacation pay, worker's compensation, unemployment insurance premiums, pension plan contributions, employee or non-resident withholding Tax, unremitted Sales Taxes (net of applicable input tax credits, in the case of goods and services, value-added and similar taxes), customs duties, realty taxes (including utility charges and business taxes which are collectable like realty taxes) or similar statutory obligations secured by a Lien on such Person's Assets;

**"Statutory Prior Liens"** means the Liens securing Statutory Prior Claims;

**"Structure Invoices"** has the meaning ascribed to it from time to time in Section 7.5 of the Collateral Agency Agreement;

**"Subsidiary"** means, with respect to any Person, any Person (i) which is Controlled, directly or indirectly by such first Person or (ii) a majority of whose Voting Capital Stock, on a fully diluted basis, is owned directly or indirectly, beneficially or otherwise, by such first Person;

**"Supplemental Indenture"** means an indenture supplemental to the MTI entered into by the Funding Vehicle and the Indenture Trustee in accordance with the terms of Section 10.1 of the MTI;

**"Tax"** or **"Taxes"** means any tax, fee, levy, rental, duty, charge, royalty or similar charge including, for greater certainty, any federal, state, provincial, municipal, local, aboriginal, foreign or any other assessment, governmental charge, imposition or tariff (other than tariff charges) wherever imposed, assessed or collected, and whether based on or measured by gross receipts, income, profits, sales, use and occupation or otherwise, and including any income tax, capital gains tax, payroll tax, fuel tax, capital tax, Sales Taxes, value added tax, sales tax, withholding tax, property tax, business tax, ad valorem tax, transfer tax, franchise tax or excise tax, together with all interest, penalties, fines or additions imposed, assessed or collected with respect to any such amounts;

**"Termination Date"** means the date that Commissioning is achieved under the Muskrat/LTA Project Finance Documents; **[NOTE TO DRAFT: Canada to comment following receipt and review of Revenue Agreements]**

**"Total Debt Service"** means, for any period, all interest and fee payments and scheduled principal payments required to be made on [~~the Loans~~] and on all Additional Debt of the Credit Parties **[NOTE TO DRAFT: If sinking funds are established reference to sinking fund payments will need to be made.]**, [~~together with the net amount of any ordinary course payment or receipts for (but not, for greater certainty, payments or receipts in respect of terminations of Muskrat/LTA Hedge Contracts applicable to such period,~~] provided, however, that:

- (i) if any such Additional Debt is only repayable in its entirety at maturity, the amount of Deemed Principal Repayments for such period shall be included in Total Debt Service; and
- (ii) for purposes of the Prospective Debt Service Coverage Ratio, where the prospective period includes the last 6 months immediately prior to maturity of the Loans, there shall be excluded from the calculation of Total Debt Service the outstanding principal amount of the Loans payable on such maturity date; **[NOTE TO DRAFT: To be confirmed.]**

**[NOTE TO DRAFT: If we have sequential bond issuances with synthetic amortizations, the foregoing definition will be adjusted so as to include the sinking fund obligations in the DSCR and the DSRA, but so as to exclude the individual bullet payments from the DSCR and the DSRA.]**

**"Trust Certificate"** means, in respect of the Funding Vehicle, a certificate in writing signed by any officer of the Issuer Trustee and conforming *mutatis mutandis* to Section 16.17 of the MTI;

[~~"Underlying Pledge Bond Documents"~~] means, collectively, all agreements, deeds, instruments and documents evidencing Indebtedness secured under any FV Pledge of a FV Pledge Bond; [~~]~~

**"Underwriting Agreement"** means the [~~underwriting agreement~~] dated [~~]~~, 2013 entered into between the Lead Arranger and the Funding Vehicle;

**"Various Agent Costs and Expenses"** means (i) the reasonable fees, costs and expenses due and payable, as well as any indemnity obligations due and payable, by the Credit Parties to the Collateral Agent, the Funding Vehicle or the Muskrat/LTA Security Trustee pursuant to the Muskrat/LTA Project Finance Documents, and (ii) the fees, costs and expenses due and payable, as well as any indemnity obligations due and payable, by the Funding Vehicle to the Issuer Trustee, the Collateral Agent, the Administrator, the Lead Arranger, the Indenture Trustee or the Fiscal Agent pursuant to the Funding Transaction Documents (including, in each case, the financial, legal and consulting fees, costs and expenses), provided, however, that such fees, costs and expenses in respect of the Lead Arranger shall be limited to the fees, costs and expenses incurred from the acceptance by the Funding Vehicle of the commitment letter executed as of

<■> in connection with the financing contemplated in the Funding Transaction Documents until the Closing Date;

**"Voting Capital Stock"** means Capital Stock of a Person which carries voting rights or the right to Control such Person generally provided that Capital Stock which carries the right to vote or Control conditionally upon the happening of an event shall not be considered Voting Capital Stock until the occurrence of such event and then only during the continuance of such event.

**"Written Order", "Written Request, Written Direction" and "Written Consent"** of the Funding Vehicle will mean a written order, request or consent signed in the name of the Funding Vehicle by a senior officer of the Issuer Trustee;

#### 1.2 **Recitals**

The recitals of this Agreement shall form an integral part hereof, as if at length recited herein.

#### 1.3 **Headings, etc**

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms **"Master Definitions Agreement", "this Master Definitions Agreement", "this Agreement", "herein", "hereof", "hereto", "hereunder"** and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

#### 1.4 **Severability**

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that (i) the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and (ii) the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby. The parties hereto shall change this Agreement to replace any invalid or unenforceable provision contained in this Agreement with a valid and enforceable provision which has the commercial effect as close as possible to that of the invalid and unenforceable provision, to the extent permitted by Applicable Law.

#### 1.5 **Governing Law**

This Agreement will be construed in accordance with the Laws of NL and the federal Laws of Canada applicable therein and will be treated in all respects as a NL contract. All Proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

## 1.6 Schedules

The following are the Schedules attached to this Agreement and deemed to be part hereof: <img alt="arrow pointing right" data-bbox="825 138 859 155"/>

## 1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

## 1.8 Extended Meanings

In each Muskrat/LTA Project Finance Document and Guarantee Transaction Document, unless a clear contrary intention appears, the following words and expressions shall be given the extended meanings set out opposite them:

- 1.8.1 "asset" means any undertaking, business, property (real, personal or mixed, tangible or intangible) or other asset;
- 1.8.2 "cancel" means cancel, surrender, repudiate, disclaim, terminate or suspend;
- 1.8.3 "change" means change, modify, alter, amend, supplement, restate, extend, renew, compromise, novate, replace, terminate, release, discharge, cancel, suspend or waive;
- 1.8.4 "claim" means claim, claim over, cross-claim, counter-claim, defence, demand, liability, proceeding, judgment, order or award of any court, other Governmental Authority, arbitrator or other alternative dispute resolution authority;
- 1.8.5 "final judgment" means a judgment, order, declaration or award of a court, other Governmental Authority, arbitrator or other alternative dispute resolution authority of competent jurisdiction from which no appeal may be made or from which all rights of appeal have expired or been exhausted;
- 1.8.6 "include" means include without limitation, and such term shall not be construed to limit any word or statement which it follows to the specific items or matters immediately following it or similar terms or matters;
- 1.8.7 "losses and expenses" means losses, costs, expenses, damages, penalties and judgments and awards of any court or other Governmental Authority, arbitrator, mediator or other alternative dispute resolution authority, including any applicable awarded costs, and legal fees and disbursements on a full indemnity basis;
- 1.8.8 "paid in full" and "repaid in full" in relation to any payment obligation owing to any person (in this Section 1.8.8, the "obligee") - permanent, indefeasible and irrevocable payment in cash (or other freely available funds transfer as may be expressly provided for in the applicable document creating or evidencing such payment obligation) to the applicable obligee in full of

such payment obligation in accordance with the express provisions of the applicable document creating or evidencing such payment obligation, without regard to any compromise, reduction or disallowance of all or any item or part thereof by virtue of the application of any bankruptcy, insolvency, fraudulent conveyance, assignment, preference or other similar such laws, any law affecting creditors' rights generally or general principles of equity, and, if applicable, the cancellation or expiry of any commitment of the obligee to lend or otherwise extend credit;

- 1.8.9 **"receiver"** means a privately appointed or court appointed receiver or receiver and manager, interim receiver, liquidator, trustee in bankruptcy, administrator, administrative receiver and any other like or similar official;
- 1.8.10 **"rights"** means rights, titles, benefits, interests, powers, authorities, discretions, privileges, immunities and remedies (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise;
- 1.8.11 **"set-off"** means any right or obligation of set-off, compensation, offset, combination of accounts, netting, retention, withholding, reduction, abatement, deduction, counter-claim, cross-claim or any similar right or obligation, or (as the context requires) any exercise of any such right or performance of such obligation; and
- 1.8.12 **"written"** and **"in writing"** shall be construed as an original writing, a pdf or facsimile copy of a writing or an e-mail.

#### 1.9 **References to Agreements**

Each reference in each Muskrat/LTA Project Finance Document and Guarantee Transaction Document to any agreement (including this Agreement and any other defined term that is an agreement) shall be construed so as to include such agreement (including all attached schedules, appendices and exhibits) and each change made to it at or before the time in question.

#### 1.10 **References to Statutes**

Each reference in each Muskrat/LTA Project Finance Document and Guarantee Transaction Document to any code, statute, regulation, official interpretation, directive or other legislative enactment of any Canadian or foreign jurisdiction (including any political subdivision thereof) shall be construed so as to include such code, statute, regulation, official interpretation, directive or enactment and each amendment, reenactment, reissuance or replacement thereof made at or before the time in question.

#### 1.11 **Grammatical Variations**

In each Muskrat/LTA Project Finance Document and Guarantee Transaction Document, unless a clear contrary intention appears, (i) words and expressions (including words and expressions (capitalized or not) defined, given extended meanings or incorporated by reference therein) in the

singular include the plural and vice versa (the necessary changes being made to fit the context), (ii) words in one gender include all genders and (iii) grammatical variations of words and expressions (capitalized or not) which are defined, given extended meanings or incorporated by reference therein shall be construed in like manner.

#### 1.12 Non-Business Days

Whenever any payment to be made under a Muskrat/LTA Project Finance Document or Guarantee Transaction Document is required to be made or any other action to be taken thereunder is required to be taken on a day other than a Business Day, such payment will be made or such other action will be taken on the next following Business Day. Any payment made after 1:00 p.m. (St. John's, NL standard time) on a Business Day will be deemed to be made on the next following Business Day.

#### 1.13 Computation of Time Periods

In each Muskrat/LTA Project Finance Document and Guarantee Transaction Document, with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" mean "to but excluding".

#### 1.14 Accounting Terms; GAAP

1.14.1 Unless a clear contrary intention appears in a Muskrat/LTA Project Finance Document or Guarantee Transaction Document, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time. All calculations for the purposes of determining compliance with any financial ratios and financial covenants contained in any Muskrat/LTA Project Finance Document or Guarantee Transaction Document shall be made on a basis consistent with GAAP in existence [ ] as at the date of this Agreement and used in the preparation of the Financial Statements of the Credit Parties [ ]. Any financial ratios required to be maintained by the Credit Parties pursuant to any Muskrat/LTA Project Finance Document or Guarantee Transaction Document shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in any Muskrat/LTA Project Finance Document or Guarantee Transaction Document and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed therein.

1.14.2 The parties hereto agree that if at any time there is a material change to GAAP, then the [ ] Credit Parties and Canada [ ] shall use commercially reasonable efforts to negotiate in good faith amendments to the provisions of the applicable Muskrat/LTA Project Finance Document or Guarantee Transaction Document, as the case may be, that are affected by such material change with the intent of having the respective positions of the [ ] Credit



Parties and Canada<[REDACTED]>] after such material change conform as nearly as possible to their respective positions immediately prior to the implementation of such material change; provided, however, that until any such amendments shall have been agreed upon, the terms, conditions and undertakings of the applicable Muskrat/LTA Project Finance Document or Guarantee Transaction Document shall be interpreted and applied as if such material change did not apply to the Credit Parties and the accounting principles applicable to the Credit Parties immediately prior to the implementation of such material change shall continue to apply to the Credit Parties for the purpose of determining if the Credit Parties comply with the financial covenants of the applicable Muskrat/LTA Project Finance Document or Guarantee Transaction Document and the Credit Parties shall continue to provide Financial Statements under the applicable Muskrat/LTA Project Finance Document or Guarantee Transaction Document prepared in accordance with such accounting principles.

## ARTICLE 2

### MISCELLANEOUS

#### 2.1 Amendments

This Agreement may be changed from time to time by all of the parties hereto.

#### 2.2 Provision Regarding Liability of Issuer Trustee

The Issuer Trustee has entered into this Agreement in its capacity as trustee of the Funding Vehicle. Any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Assets of the Funding Vehicle. No Assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Funding Vehicle or the Issuer Trustee under this Agreement or any of the other documents accessory hereto. No recourse may be had or taken, directly or indirectly against the Issuer Trustee in its personal capacity, any beneficiary of the Funding Vehicle or any Affiliate, shareholder, officer, director, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee, with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Funding Vehicle or the Issuer Trustee under this Agreement and the documents accessory hereto.

**2.3 Successors and Assigns**

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns, provided that no party hereto shall assign any of its rights or obligations hereunder without the prior written consent of each of the other parties hereto.

**2.4 Further Assurances**

The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

**2.5 Execution in Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

IN WITNESS WHEREOF the parties have executed this Master Definitions Agreement.

,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

<■>,  
as Lead Arranger

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**HER MAJESTY THE QUEEN IN  
RIGHT OF CANADA, as represented  
by THE MINISTER OF NATURAL  
RESOURCES,  
as a GAA Finance Party**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**<█>, as Issuer Trustee of MUSKRAT  
FALLS/LABRADOR  
TRANSMISSION ASSETS FUNDING  
TRUST,  
as a GAA Finance Party**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE



as Muskrat/LTA Security Trustee and FV  
Security Trustee

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**NALCOR ENERGY**, as the Contributing  
Party

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:



MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**HER MAJESTY THE QUEEN IN  
RIGHT OF THE PROVINCE OF  
NEWFOUNDLAND AND  
LABRADOR, as represented by the  
Minister of Finance, as Guarantor of the  
Contributing Party**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**MUSKRAT FALLS CORPORATION,**  
as a Credit Party

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**FASKEN DRAFT**  
**dated October 31, 2013**

**LABRADOR TRANSMISSION  
CORPORATION,**  
as a Credit Party

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**MASTER DEFINITIONS AGREEMENT**

**AMONG**

**[<■> COLLATERAL AGENT <■>],  
as Collateral Agent and Lead Arranger**

**AND**

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA,  
as a GAA Finance Party**

**AND**

**[<■>]  
as Issuer Trustee of  
LABRADOR - ISLAND LINK FUNDING TRUST,  
as a GAA Finance Party**

**AND**

**[<■>]  
as IT Trustee of  
[<■> INTERMEDIARY TRUST <■>],  
as a GAA Finance Party and an Obligor**

**AND**

**NALCOR ENERGY  
as a Contributing Party**

**AND**

**LABRADOR-ISLAND LINK HOLDING CORPORATION**  
**as a Contributing Party**

**AND**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND**  
**AND LABRADOR**  
**as Guarantor of the Contributing Parties**

**AND**

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP,**  
**as an Obligor**

**AND**

**LABRADOR - ISLAND LINK OPERATING CORPORATION,**  
**as an Obligor**

**DATED AS OF <█>, 2013**

---

**THIS MASTER DEFINITIONS AGREEMENT** is made as of <[REDACTED]>, 2013

**AMONG:** [REDACTED], as Collateral Agent and Lead Arranger

**AND:** **HER MAJESTY THE QUEEN IN RIGHT OF CANADA**, as a GAA Finance Party

**AND:** [REDACTED], as Issuer Trustee of **LABRADOR - ISLAND LINK FUNDING TRUST**, as a GAA Finance Party

**AND:** [REDACTED], as IT Trustee of [REDACTED] Intermediary Trust [REDACTED], as a GAA Finance Party and an Obligor

**AND:** **NALCOR ENERGY**, as a Contributing Party

**AND:** **LABRADOR-ISLAND LINK HOLDING CORPORATION**, as a Contributing Party

**AND:** **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR**, as Guarantor of the Contributing Parties

**AND:** **LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**, acting by its general partner, **LABRADOR - ISLAND LINK GENERAL PARTNER CORPORATION**, as an Obligor

**AND:** **LABRADOR - ISLAND LINK OPERATING CORPORATION**, as an Obligor

**[NOTE TO DRAFT: Adjust to include any Security Trustee used for purposes of the Security Documents as well as the parties to the Equity Agreements.]**

**WITNESSETH THAT:**

**WHEREAS** the parties hereto have entered into the Project Finance Documents and the Guarantee Transaction Documents to which they are respectively party and have agreed to consolidate the definitions required for such documents in this Agreement;

**AND WHEREAS** it is a condition precedent under the LIL Project Finance Agreement, the IT Project Finance Agreement and [~~the~~the GAA~~the~~] that the parties hereto execute and deliver this Agreement;

**NOW THEREFORE**, in consideration of the mutual covenants herein contained and other good and valuable consideration given by each of the parties hereto, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE 3

#### INTERPRETATION

##### 3.1 Definitions

Unless a clear contrary intention appears in a Project Finance Document or a Guarantee Transaction Document, the capitalized terms used in each Project Finance Document and Guarantee Transaction Document shall have the following meanings:

**[NOTE TO DRAFT: Definitions from the LIL Project Finance Agreement and the Equity Agreements will be integrated herein. The definitions required for the IT Project Finance Agreement will also be integrated herein. For the time being, terms defined in the LIL Project Finance Agreement provisions under review by Canada have the same meaning when used herein.]**

"**Additional Debt**" means (i) an operating line of credit up to a maximum principal amount of CDN\$10,000,000 for the Partnership and (ii) other [~~the~~Debt for Borrowed Money~~the~~] to finance realized Cost Variances prior to Commissioning and Sustaining Costs following Commissioning;

"**Additional Debt Concurrent Contribution**" has the meaning ascribed to it in Section 2.7 of the ESA;

"**Additional Material Project Documents**" means the contracts and agreements listed in Schedule ~~the~~ of the LIL Project Finance Agreement;

"**Administration Agreement**" means the administration agreement dated as of [~~the~~the date hereof~~the~~] entered into among the Funding Vehicle, the Administrator, Canada and the Partnership;

"**Administrator**" means ~~the~~, in its capacity as administrator to the Funding Vehicle pursuant to the terms of the Administration Agreement;

"**Affiliate**" means, with respect to any Person, any other Person, who directly or indirectly, Controls, is Controlled by or is under direct or indirect common Control with, such Person; provided, however, that NL Crown shall be deemed not to be an Affiliate of Nalcor, Nalcor LP or any Credit Party;

**"Aggregate Partnership Project Funding Account and Operating Account Balances"** means, as at any time, the aggregate of (i) the balance on deposit at such time in the Partnership Project Funding Account, following the application of paragraphs 4.1.1.2, 4.1.1.3, 4.1.1.4 and 4.1.1.5 of the LIL Project Finance Agreement including, for greater certainty, any LIL Income on Account Balances deriving therefrom, and (ii) the portion of the balance on deposit at such time in the Partnership Project Operating Account following the application of paragraph 4.2.2.1 of the LIL Project Finance Agreement that (a) is comprised of LIL Income on Account Balances deriving from any amounts deposited in the Partnership Project Operating Account pursuant to a previous Funding Request or (b) is comprised of the balance of any amounts deposited into the Partnership Project Operating Account pursuant to a previous Funding Request, and that had been so deposited for purposes of funding Project Costs that have since been fully satisfied for a lesser amount at the time of calculation of the Aggregate Partnership Project Funding Account and Operating Account Balances;

**"AML Legislation"** has the meaning ascribed to it in subsection 6.27 of the LIL Project Finance Agreement;

**"Annual Maintenance Plan"** has the meaning ascribed to it from time to time in the LIL Lease;

**"Annual O&M Budget"** has the meaning ascribed to it from time to time in the LIL Lease;

**"Applicable Law"** means any Law applicable or relating to any specified Person, property, transaction or event or any of such Person's Assets, and any judgment or award of any Governmental Authority in any proceeding or action to which the Person in question is a party or by which such Person or any of its Assets is bound;

**"Assets"** means the property and assets, whether tangible or intangible, personal or real, of a specified Person and (to the extent the context so admits) also includes its business and operations. Wherever reference is made to the Partnership's Assets, such reference shall include the Project and all rights of the Partnership relative thereto;

**"Assignment"** or **"Assign"** means the sale, assignment, transfer or other disposition of the Indebtedness owed to the Intermediary Trust under the LIL Project Finance Agreement or any portion thereof and the equivalent portion of the corresponding [LIL Commitments] and other obligations of the Intermediary Trust thereunder and **"Assigning"**, **"Assignor"** and **"Assignee"** have the correlative meanings;

**"Attributable Debt"** means, with respect to any Person, in connection with any Sale and Leaseback Transaction, at any date as of which the amount thereof is to be determined, the lesser of (i) the fair market value of the property subject to such Sale and Leaseback Transaction (as determined in good faith by the board of directors of such Person) and (ii) the total net amount of rent required to be paid by such Person under the lease which is the subject of such Sale and Leaseback Transaction during the remaining term thereof (including the initial term and any period for which such lease may be renewed or extended) discounted from the respective due dates thereof to such date at the debt rate implicit in such lease per annum compounded annually. The net amount of rent required to be paid under any such lease for any such period shall be the amount of the rent payable by the lessee with respect to such period, after excluding amounts



required to be paid on account of maintenance and repairs, insurance, Taxes, assessments, water rates and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated;

**"Authorization"** means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's Assets or from any Person in connection with any contractual right;

**"Available Base Equity Commitment"** means, as at any time, the amount, if any, by which the Base Equity Commitment exceeds the Base Equity Contributions made as at such time;

**"Available Construction Funds"** means, as at any time, without duplication, the aggregate committed amount of all sources of capital available to the Partnership by way of (i) the undisbursed proceeds of [the LIL Construction Facility], (ii) the Available Base Equity Commitment and the unlimited Contingency Equity Commitment, (iii) cash in the LIL Project Accounts not previously committed to be paid to any Person, (iv) any undisbursed insurance proceeds held by the Collateral Agent under the terms of the LIL Security Documents which are available for the payment of [Hard] Costs, (v) any funds which the Partnership has received on account of liquidated damages under a Material Project Document or any other agreement related to the Project and which are available for payment of [Hard] Costs and (vi) any Sales Taxes paid by the Partnership for which a claim for input tax credits may be properly made or has been properly made but a reimbursement therefor has not yet been received;

**"Base Cash Flow"** means, for any period, Contracted Revenues for such period [plus any Liquidity Reserves] less all Cash Operating Costs;

**"Base Equity Commitment"** means the commitment of Nalcor to invest \$ in the Partnership, directly or through one or more of its Subsidiaries, in order to fund the Equity Rateable Share of the Project Costs;

**"Base Equity Contribution"** means the amounts invested from time to time by Nalcor in the Partnership, directly or through one or more of its Subsidiaries, under the Base Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the Partnership Project Funding Account by NL Crown pursuant to the provisions of the NL Crown Guarantee in connection with the Base Equity Commitment;

**"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in NL or the Province of Ontario or any other day on which banking institutions in St. John's, NL or Toronto, Ontario are not open for the transaction of business;

**"CA Indemnified Parties"** means the Collateral Agent, its Affiliates, directors, officers, employees, advisers, representatives and agents; [Section 5.10.1 of CAA]

"**Canada**" means Her Majesty the Queen in Right of Canada;

"**Canada Project Costs and Expenses**" means the reasonable costs and expenses (including all reasonable costs and expenses incurred by Canada under any enforcement proceeding instituted pursuant to any of the Funding Transaction Documents, the IT Project Finance Documents or the LIL Project Finance Documents) due and payable, as well as any indemnity obligations due and payable by Canada to the Collateral Agent pursuant to the Collateral Agency Agreement or by the Funding Vehicle to Canada pursuant to the Funding Transaction Documents; **[NOTE TO DRAFT: Once we have settled the terms of the GAA, in order to avoid creating a priority of payment for the repayment obligations of the Funding Vehicle to Canada pursuant to the indemnity against payments to made under the FLG, we will need to carve out that indemnity from this definition];**

"**Canadian Dollars**" or "**CDNS**" means the lawful currency of Canada;

"**Capital Account**" has the meaning ascribed to it from time to time in the LIL LP Agreement;

"**Capital Lease**" means, with respect to any Person, any lease or other arrangement relating to property or assets which, in accordance with GAAP, would be accounted for as a capital lease obligation on a balance sheet of such Person. The amount of any Capital Lease at any date shall be the amount of the obligation in respect thereof which would be included within such balance sheet;

"**Capital Stock**" means common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, equity preferred or common interests in a limited liability company, limited or general partnership interests in a partnership or any other equivalent such ownership interest;

"**Cash Call Notice**" has the meaning ascribed to it in Section 2.2 of the ESA;

"**Cash Operating Costs**" means, for any period, all cash costs of the Partnership relating to the operation of the Project during such period including any Taxes, insurance premiums, management and service fees, professional fees and expenses but excluding Total Debt Service paid during such period;

"**Change Order**" means any modification to the scope of work or the contract price pursuant to any Material Project Document which under the terms of subsection 3.1.1 of the PDMA requires the consent of the Partnership;

"**Class B Limited Partner**" means the holder of the Class B Limited Units (as such expression is in the LIL LP Agreement);

"**Clean-Up**" means the remediation, containment, removal, treatment, elimination or disposal of any Hazardous Material;

"**Closing Date**" means the date that the LIL Initial Conditions Precedent, the IT Initial Conditions Precedent and the Muskrat/LTA Initial Conditions Precedent are met to the satisfaction of the Collateral Agent or waived by it;

"**Collateral Agency Agreement**" means the collateral agency agreement dated the date hereof entered into among the Collateral Agent, the Lead Arranger, the GAA Finance Parties and the Obligor;

"**Collateral Agent**" means <█>, in its capacity as collateral agent for the GAA Finance Parties pursuant to the Collateral Agency Agreement, and includes any successor thereof in such capacity;

"**Collateral Agent's Counsel**" has the meaning ascribed to it in Section <█> of the LIL Project Finance Agreement;

"**Collateral Agent's Office**" means generally, the office of the Collateral Agent located at <█>, St. John's, NL or such other office as the Collateral Agent with the agreement of the Partnership may specify from time to time;

"**Collateral Agent Standard**" means based on the experience of the Collateral Agent in project financing transactions of nature and magnitude similar to the Project and taking into account the covenants of Nalcor and NL Crown under the Equity Agreements and as if the Collateral Agent was a direct lender to the Partnership or the Intermediary Trust, as the case may be;

"**Collateral Mortgage Bond**" means a [<█>senior secured bond<█>] issued by an Obligor pursuant to a Security Document;

"**Collateral Mortgage Bond Pledge**" means any pledge agreement in favour of a GAA Finance Party or the Collateral Agent pursuant to the terms of which a Collateral Mortgage Bond is pledged;

<█>"**Commissioning**" means, the fulfillment of the following conditions:

- (i) successful Commissioning of the performance, commissioning and reliability tests under the <█> [<█>demonstrating that the Project is ready and able to transmit electrical energy and power in accordance with the Project Description<█>];
- (ii) receipt of all Authorizations and Material Project Documents necessary to allow the Project to operate;
- (iii) all Liens and notices of Lien under the MLA have been satisfied, discharged, vacated or withdrawn as provided in the MLA;
- (iv) no LIL Event of Default has occurred and is continuing;
- (v) receipt by the Collateral Agent of the O&M Budget and Annual O&M Budget for the first Operating Year of the Project; and
- (vi) the DSRA has been funded with the Minimum DSRA Requirement as at the Commissioning Date [<█>or an LC has been issued in respect of same<█>];

the whole to the satisfaction of the Collateral Agent and the Independent Engineer and "**Commission**" and "**Commissioning**" shall have correlative meanings;<[REDACTED]>]

**[NOTE TO DRAFT: Nalcor to provide a definition for Commissioning.]**

"**Commissioning Certificate**" means a certificate, substantially in the form of the one attached as Schedule "<[REDACTED]>" of the LIL Project Finance Agreement, executed by a Responsible Officer of Devco and a Responsible Officer of the **General** Partner, in each case in his capacity as an officer of, respectively, Devco and the General Partner and without personal liability, addressed to the Collateral Agent and the Independent Engineer, in form and substance satisfactory to the Collateral Agent, attesting: **[NOTE TO DRAFT: This certificate may be provided by an officer of Devco.]**

- (vii) [<[REDACTED]>as to the Hard Costs incurred, by major expense category;<[REDACTED]>]
- (viii) [<[REDACTED]>as to the Soft Costs incurred, by major expense category;<[REDACTED]>]
- (ix) the realized Cost Variances, if any;
- (x) the Punch List Costs and Demobilization Costs;
- (xi) that Commissioning has been achieved (and detailing each of the components of Commissioning) and the Project has been constructed, in all material respects, in accordance with the Project Plans and Good Utility Practice, save for any Punch List Items and Demobilization List Items;
- (xii) that all Commissioning, interconnection and reliability tests have been performed and met in accordance with the Material Project Documents and the Partnership has achieved and maintained the required specifications and the operating objectives for the Project pursuant to the Material Project Documents; and
- (xiii) that he has no reason to believe that, assuming the proper operation and maintenance of the equipment forming part of the Project, it will not be able to maintain such required specifications and operating objectives for a period of at least [<[REDACTED]>forty (40) years<[REDACTED]>];

and shall be accompanied with all such supporting documentation and information as will permit the Collateral Agent and the **Independent** Engineer, in their judgment, to verify the information and calculations given and made in such certificate;

"**Commissioning Confirmation**" has the meaning ascribed thereto in Section 3.6 of the LIL Project Finance Agreement;

"**Commissioning Date**" means the date and time specified on the Commissioning Confirmation, as the date the Conditions Precedent to Commissioning are met to the satisfaction of the Collateral Agent or waived by it;

"**Commissioning Notice**" means a notice substantially in the form set out in Schedule <[REDACTED]> of the LIL Project Finance Agreement, to be given to the Collateral Agent by the Partnership pursuant to Section 3.6 of the LIL Project Finance Agreement;

"**Concurrent Contribution**" has the meaning ascribed to it in Section 2.6 of the ESA;

"**Conditions Precedent to Commissioning**" has the meaning ascribed thereto in Section <[REDACTED]> of the LIL Project Finance Agreement;

"**Consolidated Transaction Documents**" refers collectively to the Funding Transaction Documents, the Guarantee Transaction Documents, the Project Finance Documents [ <[REDACTED]> ] and the Administration Agreement <[REDACTED]>; **[NOTE TO DRAFT: Administration Agreement is included in this definition in FV Declaration of Trust.]**

"**Construction Period**" means the period commencing on the Closing Date and terminating on the earlier of:

- (xiv) the day immediately preceding the Commissioning Date;
- (xv) the Date Certain;
- (xvi) the date that [ <[REDACTED]> ] the LIL Construction Facility <[REDACTED]> is terminated and cancelled in its entirety under the provisions of Section 10.1 of the LIL Project Finance Agreement; and
- (xvii) the date of any other cancellation of [ <[REDACTED]> ] the LIL Construction Facility <[REDACTED]> in its entirety;

"**Construction Report**" has the meaning ascribed thereto in Section 7.3 of the LIL Project Finance Agreement;

"**Contingency Equity Commitment**" means the commitment of Nalcor to invest in the Partnership, directly or through one or more Subsidiaries, all amounts necessary to fund the Equity Rateable Share of any Cost Overruns and achieve Commissioning of the Project;

"**Contingency Equity Contribution**" means the amounts invested from time to time by Nalcor in the Partnership, directly or through one or more of its Subsidiaries, under the Contingency Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the Partnership Project Funding Account by NL Crown pursuant to the provisions of the NL Crown Guarantee in connection with the Contingency Equity Commitment;

"**Contracted Revenues**" means, for any period, all amounts payable by Opco to the Partnership pursuant to the LIL Lease or, as the case may be, as contemplated by the LIL Remedies Agreement, all such amounts as may be payable by NLH to the Partnership;

"**Contributing Parties**" means collectively Nalcor and Nalcor LP;

"**Control**" of a Person means the possession, direct or indirect, of the power to elect or appoint a majority of such Person's board of directors or similar governing body, or to direct or cause the direction of the management, business and/or policies of such Person, whether through ownership of Voting Capital Stock, by contract or otherwise, and, without limiting the generality of the foregoing, a Person shall be deemed to "**Control**" any partnership of which, at the time, the Person is a general partner or Controls the general partner, in the case of a limited partnership, or is a partner who, under the partnership agreement, has authority to bind the partnership in all other cases (and the terms "**Controlled by**" and "**under common Control with**" have a correlative meaning);

"**Cost Overruns**" means, with regard to any particular construction phase or component of construction and start-up of the Project, the amount by which costs in respect of such construction phase or component exceed amounts allocated thereto in the Project Budget;

[NOTE TO DRAFT: The foregoing is under review by Nalcor, and is subject to their comments.]

[<■>"**Cost to Complete**" means, as at any date, the estimate of the [<■>Hard Costs and Soft Costs<■>] which will be required to be incurred to attain Commissioning by the Date Certain (including the Punch List Costs and the Demobilization Costs), it being understood that the Project Costs incurred on or prior to such date, and whether already financed or requested to be financed pursuant to [<■>any Funding Request or the Final Funding Request<■>], shall not form part of the Cost to Complete;<■>]

"**Cost Variances**" means, with regard to any particular construction phase or component of construction and start-up of the Project, the amount by which costs in respect of such construction phase or component is expected to exceed amounts allocated thereto in the Project Budget;

"**Credit Parties**" as at any time, refers collectively to the Partnership, the General Partner and Opco and "**Credit Party**" refers to either one thereof;

"**Current LIL Assets and Rights**" means such of the LIL Assets and Rights that are in existence on the Closing Date;

"**Date Certain**" means [<■>July 1, 2017<■>] as extended as hereinafter provided. The Partnership may request that the Date Certain be extended [<■>twice only<■>], each time for a period of up to [<■>six (6) months<■>] by issuing to the Collateral Agent a written request at least thirty (30) days but no more than sixty (60) days prior to, in the case of the first request, [<■>July 1, 2017<■>] and, in the case of the second request, the Date Certain as extended pursuant to the first request, which request shall:

(xviii) state that no LIL Event of Default (other than a LIL Event of Default which has occurred as a direct result of an event of Force Majeure) has occurred and is continuing;

(xix) designate the date to which the Date Certain is requested to be extended;

- (xx) be accompanied by written evidence satisfactory to the Collateral Agent that (a) no Material Project Document shall terminate as a result of such extension and each Material Project Document which as of the date of the request has not been terminated shall continue to be in effect until such extended Date Certain except to the extent already terminated as a consequence of a scheduled termination and (b) that such extension would not result in a Material Adverse Effect; and
- (xxi) demonstrate to the satisfaction of the Collateral Agent and the Independent Engineer that Commissioning can be reasonably expected to occur during the period of such extension;

With respect to each such request, in the event that such request shall comply with the requirements set forth above and that the Collateral Agent shall be satisfied that the information set forth in such request is true and accurate in all material respects and that it is appropriate that the Date Certain be extended to the date set forth in the Partnership's request, and subject to the further requirement that no LIL Event of Default shall have occurred and be continuing on [~~■~~July 1, 2017~~■~~] or, as the case may be, the Date Certain as previously extended, the Date Certain shall be extended to the date set forth in such request; provided, however, that, if at any time during the period of any such extension any of the conditions set forth above relating to such extension ceases to be true, upon delivery of written notice to the Partnership by the Collateral Agent, such period of extension shall terminate on the date specified in such written notice;

"DBRS" means DBRS Limited and its successors;

"Debt for Borrowed Money" means, with respect to any Person, without duplication, such Person's:

- (xxii) obligations for borrowed money;
- (xxiii) obligations under letters of credit or letters of guarantee or obligations to financial institutions who issued such letters of credit or letters of guarantee for the account of such Person;
- (xxiv) obligations under banker's acceptances, depository bills or depository notes (as these latter two expressions are defined in the *Depository Bills and Notes Act* (Canada));
- (xxv) Purchase Money Obligations;
- (xxvi) obligations evidenced by bonds, debentures or promissory notes;
- (xxvii) redeemable shares of its Capital Stock which are either redeemable at the option of the holder thereof, are redeemable at a fixed date or are redeemable during fixed intervals. The amount of Debt for Borrowed Money of any such Capital Stock shall be the maximum fixed redemption or repurchase price therefor;

- (xxviii) Attributable Debt with respect to Sale and Leaseback Transactions;
- (xxix) the mark to market exposure of such Person under Derivative Instruments;  
and
- (xxx) obligations under Guarantees with respect to obligations referred to in paragraphs (i) to (viii) inclusively;

**"Debt Rateable Share"** means (i) in connection with either the Base Equity Commitment or the DSRA Equity Commitment, 75%, and (ii) in connection with the Contingency Equity Commitment, with respect to any Cost Overruns that are to be funded at any particular time, and in relation to which Additional Debt may be incurred pursuant to the terms of the LIL Project Finance Documents, the lesser of 75% and the percentage resulting from the following calculation: (the amount of Additional Debt incurred to fund such Cost Overruns / such Cost Overruns)  $\times$  100;

**"Debt Service"** means, as at any time, all interest and fee payments and scheduled principal payments required to be made on the [LIL Loans] at such time;

**"Deemed Principal Repayments"** means, with respect to any Additional Debt of the Partnership that, by its terms, is repayable in its entirety only at maturity, the amount of the principal repayments shall be calculated by [NOTE TO DRAFT: Canada to advise.] and shall apply to and be deemed to be required to be made by the Partnership;

**"Demobilization Costs"** means the costs required to complete work on all Demobilization List Items;

**"Demobilization Costs Drawdown"** means the single LIL Drawdown under the LIL Construction Facility to be made pursuant to the provisions of Section  of the LIL Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph [(xiii)] of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the Demobilization Costs, the whole subject to the LIL Available LIL Construction Facility at such time;

**"Demobilization List Items"** has the meaning ascribed to it in Section  of the LIL Project Finance Agreement;

**"Demobilization Work"** means [the work, including any Performance Testing, associated with the dismantling of facilities and associated environmental remedial work, disposal and disposition of tools, machinery, equipment and materials, removal of temporary systems, demobilization of personnel, close out of leases, payments of fees, licences, legal fees, close-out teams and offices, computers, support systems and personnel, information systems and information technology, performance testing personnel and equipment, final documentation close-out and transfer to [operations in accordance with the provisions of the MSA].] [NOTE TO DRAFT: To be confirmed by Nalcor.]

**"DER"** means:



(xxxix) in connection with the incurrence test for Additional Debt contemplated in subsection <[REDACTED]> of the LIL Project Finance Agreement, (a) the sum of the principal amount of the [<[REDACTED]>LIL Loans<[REDACTED]>], the principal amount of all outstanding Additional Debt and the principal amount of all the Additional Debt proposed to be incurred, divided by (b) the sum of the total under clause (i)(a) of this definition plus the aggregate outstanding balance of the Capital Accounts of the Partnership and any equity proposed to be invested concurrently with the incurrence of the proposed Additional Debt, expressed as a percentage;

(xxxix) for all other purposes, (a) the sum of the principal amount of [<[REDACTED]>the LIL Loans<[REDACTED]>] and the principal amount of all outstanding Additional Debt, divided by (b) the sum of the total under clause (ii)(a) of this definition and the aggregate outstanding balance of the Capital Accounts of the Partnership, expressed as a percentage;

**"Derivative Instruments"** means any "Swap Transaction" as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. and/or any agreement evidencing such transaction;

**"Devco"** means Lower Churchill Management Corporation, a NL corporation, and includes any successor thereto;

**"Distribution Certificate"** has the meaning ascribed to it in Section 7.4 of the LIL Project Finance Agreement;

**"Distribution Conditions"** means, as at any proposed Distribution Date, the following:

(xxxix) the LIL Compliance Certificate delivered pursuant to Section 7.1 or 7.2 of the LIL Project Finance Agreement on or immediately prior to such Distribution Date shall demonstrate, to the satisfaction of the Collateral Agent, that the Partnership achieved a Retrospective DSCR and a Prospective DSCR of at least 1.20:1;

(xxxix) the DSRA is funded with an amount equal to the Minimum DSRA Requirement as at such Distribution Date; and

(xxxix) no LIL Event of Default then exists;

**"Distribution Date"** means a Business Day [<[REDACTED]>after the sixth (6<sup>th</sup>) month following the first day of the Operating Period<[REDACTED]>] which can occur (i) no more frequently than [<[REDACTED]>once per quarter<[REDACTED]>], (ii) no earlier than five (5) Business Days following the delivery to the Collateral Agent of a Distribution Certificate and (iii) in any particular month, only after the date on which the Collateral Agent, on behalf of the Intermediary Trust, is scheduled to receive payment of all amounts due and payable by the Partnership in respect of all [<[REDACTED]>LIL Loans<[REDACTED]>] during such month;

"**Distribution Funds**" means the amount, determined on a Distribution Date, of (i) cash in the Partnership Project Funding Account after application of all amounts in the Partnership Project Funding Account pursuant to paragraphs (a) to (i) of clause 4.1.2.2 and (ii) cash in the Partnership Distribution Reserve Account;

"**Distributions**" with respect to any Person, means:

(xxxvi) the payment or declaration of any dividend or the making of any distribution of any kind or character (whether in cash or property, but expressly excluding any such distribution by way of the payment of dividends by the issuance of Capital Stock of such Person) in respect of any class of the Capital Stock of such Person or to the holders of any class of its Capital Stock;

(xxxvii) the purchase, redemption or other acquisition or retirement for value of any of its Capital Stock or of any options, warrants or rights to purchase or acquire shares of its Capital Stock;

(xxxviii) the payment of management fees, commission fees, guarantee fees and other fees or amounts to any holder of Capital Stock of such Person other than in accordance with or pursuant to the provisions of the Material Project Documents; and

(xxxix) the setting aside of any funds for any of the foregoing purposes;

"**DSCR**" is the collective reference to Retrospective DSCR and Prospective DSCR;

"**DSCR Consultation Period**" has the meaning ascribed to it in Section <■> of the LIL Project Finance Agreement;

"**DSRA**" has the meaning ascribed to it in Section <■> of the LIL Project Finance Agreement;

**[NOTE TO DRAFT: Once the nature of this debt has been determined, and it has been determined whether there are to be sinking funds, provisions for releases from the DSRA (and funding of the Partnership Project Funding Account in an equivalent amount) will have to be included.]**

"**DSRA Drawdown**" means the single LIL Drawdown under the LIL Construction Facility to be made pursuant to the provisions of Section <■> of the LIL Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph [<■>(xi)<■>] of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the DSRA Drawdown, the whole subject to the LIL Available LIL Construction Facility at such time;

"**DSRA Equity Commitment**" means the commitment of Nalcor to invest in the Partnership, directly or through one or more of its Subsidiaries, in order to fund the Equity Rateable Share of the Minimum DSRA Requirement as at the Commissioning Date;

**"DSRA Equity Contribution"** means the amount invested by Nalcor in the Partnership, directly or through one or more of its Subsidiaries, under the DSRA Equity Commitment together with the amounts paid from time to time to the Collateral Agent for deposit or deposited directly, as the case may be, in the DSRA by NL Crown pursuant to the provisions of the NL Crown Guarantee in connection with the DSRA Equity Commitment;

**"Easements"** means all easements, rights-of-way, rights in the nature of easements, rights of ownership, rights of first refusal or otherwise to acquire same, necessary for the development, maintenance or operation of the Project;

**"Effective Date"** means the date as of which financial information relating to the Project is being provided, it being understood that with respect to (i) any Funding Request or the Final Funding Request, such date shall be the day immediately preceding the date of such Funding Request or Final Funding Request and (ii) any Construction Report, such date shall be last day of the month preceding the month during which such Construction Report is delivered;

**"Eligible Project Costs"** means, as at any Effective Date, as determined by the Collateral Agent in consultation with the Partnership, the aggregate amount required by the Partnership to defray Project Costs incurred to and invoiced by such date [ ] or, as supported by adequate information to be provided under the relevant Funding Request or the Final Funding Request, expected to be incurred to and invoiced by the relevant LIL Drawdown Date [ ] with respect to work done and goods delivered prior to such dates or with respect to deposits on contracts and in each case with respect to which no previous Funding Request has been issued;

**[NOTE TO DRAFT: To be refined to reflect documents and information to be delivered further to discussions to be had among the Independent Engineer, the Nalcor project team and Cassels Brock. Discussion scheduled to occur on October 1<sup>st</sup>.]**

**"Emera Guarantee"** means the guarantee agreement to be entered into between Emera and Canada pursuant to which Emera will provide certain guarantees in connection with the Maritime Link;

**"Emera LP"** means [ ], a corporation incorporated pursuant to the laws of the Province of [ ], and includes its successors;

**"Emera Sanction Resolution"** means [ ];

**"Enforcement Proceeding"**, with respect to any Person, refers to:

- (xl) any right granted to such Person against another Person or the Assets of such other Person as a result of such first Person holding, directly or beneficially, Liens on the Assets of such other Person including: (a) the right to require the surrender of the Assets subject to such Liens; (b) the right to exercise any power of sale over or to foreclose on the Assets subject to such Liens; (c) the right to appoint a receiver for such Person or its Assets; (d) the right to withdraw any authorization to collect accounts subject to such Liens; (e) the right to vote any Capital Stock subject to such Liens or to withdraw any power of attorney to vote any such Capital

Stock; and (f) the right to take possession, administer, sell or lease any of the Assets subject to such Liens;

- (xli) the right to seize or request the seizure of the Assets of any other Person; and
- (xlii) the right to institute or prosecute any judicial proceeding seeking injunctive relief, the appointment of a receiver, the sale of any Assets or for foreclosure;

"**Environmental Law**" means, with respect to any Person, any Applicable Law relating to the environment and to such Person or any of its Assets;

"**Environmental Losses**" has the meaning ascribed to it in Section 11.2 of the LIL Project Finance Agreement;

"**EPCM**" means the agreement for engineering, procurement and construction management services for the Project entered into effective as of February 1, 2011 between Nalcor and SNC Lavalin Inc. [ ] as assigned to Devco pursuant to [ ];

"**Equity Agreements**" refers collectively to the ESA and the ESG;

"**Equity Contribution Release Conditions**" means, during any period of time that Excluded Deposits are outstanding in any Partnership Project Account, either (i) where the [ ] LIL Construction Facility [ ] has not been fully disbursed, the Collateral Agent exercises its rights under subsection [ ] and declares the [ ] LIL Construction Facility [ ] to be cancelled or terminated, or (ii) where the [ ] LIL Construction Facility [ ] has been fully disbursed and following the exercise by the Collateral Agent of any Right, Recourse and/or Remedy under Section [ ], the GAA Finance Parties advise the Partnership that they have determined not to proceed to have Commissioning of the Project achieved;

"**Equity Rateable Share**" means (i) in connection with either the Base Equity Commitment or the DSRA Equity Commitment, 25% and (ii) in connection with the Contingency Equity Commitment, with respect to any Cost Overruns that are to be funded at any particular time, the difference between 100% and the Debt Rateable Share applicable with respect to such Cost Overruns;

"**ESA**" means the equity support agreement to be entered into among Nalcor, Nalcor LP, the General Partner, the Partnership and the Collateral Agent;

"**ESG**" means the guarantee for the ESA to be entered into between NL Crown and the Collateral Agent.

"**Event of Default**" means a FV Event of Default, an IT Event of Default, a LIL Event of Default and a GAA Event of Default;

"**Excise Tax Act**" means the *Excise Tax Act* (Canada);

"**Excluded Deposits**" is, at any time, the collective reference to any amount deposited into any Partnership Project Account that represents a Base Equity Contribution, a Contingency Equity Contribution or a DSRA Equity Contribution, the release of which for purposes of funding Project Costs cannot be made in accordance with Section 2.9 of the ESA and Section 2.4 of the ESG;

"**Expropriation Event**" means any compulsory transfer or taking by condemnation, expropriation, eminent domain or exercise of a similar power, or transfer under threat of such compulsory transfer or taking, of any part of the Assets of a Person by any Governmental Authority;

"**Federal Environmental Assessment**" means <■>; [NOTE TO DRAFT: To be defined once obtained.]

"**Federal Loan Guarantee**" means the guarantee agreement to be executed by Canada in favour of the Indenture Trustee with respect to, *inter alia*, the payment obligations of the Funding Vehicle under the MTI and the FV Bonds and the Underlying Pledge Bond Documents;

"**Final Funding Request**" means a request, substantially in the form of Schedule "<■>" of the LIL Project Finance Agreement, addressed by the Partnership to the Collateral Agent and the Independent Engineer, specifying:

- (xliii) the amount of Eligible Project Costs remaining unpaid as at the Effective Date thereof;
- (xliv) the Punch List Costs;
- (xlv) the Demobilization Costs;
- (xlvi) that no LIL Event of Default has occurred and is continuing;
- (xlvii) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to the Minimum DSRA Requirement on the Commissioning Date, the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances attributable to such funding of the DSRA, calculated rateably on the basis of the aggregate amount of Funding Requirements necessary for the funding of the DSRA, the Punch List Costs Account and the Demobilization Costs Account on the Commissioning Date;
- (xlviii) for purposes of funding the Funding Requirements necessary in connection with the funding of the Punch List Costs Account on the Commissioning Date, the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances attributable to such funding of the Punch List Costs Account, calculated rateably on the basis of the aggregate amount of Funding Requirements necessary for the funding of the DSRA, the Punch List Costs Account and the Demobilization Costs Account on the Commissioning Date;

- (xlix) for purposes of funding the Funding Requirements necessary in connection with the funding of the Demobilization Costs Account on the Commissioning Date, the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances attributable to such funding of the Punch List Costs Account, calculated rateably on the basis of the aggregate amount of Funding Requirements necessary for the funding of the DSRA, the Punch List Costs Account and the Demobilization Costs Account on the Commissioning Date;
- (l) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to the Minimum DSRA Requirement on the Commissioning Date, the aggregate amount to be invested under the DSRA Equity Commitment and representing the Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the DSRA on the Commissioning Date and the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances calculated in paragraph 1.1(v) of this definition;
- (li) for purposes of funding the Funding Requirements necessary in connection with the funding of the Punch List Costs Account on the Commissioning Date, the aggregate amount to be invested under the Available Base Equity Commitment or the Contingency Equity Commitment, as the case may be, and representing the Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Punch List Costs Account on the Commissioning Date and the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances calculated in paragraph (vi) of this definition;
- (lii) for purposes of funding the Funding Requirements necessary in connection with the funding of the Demobilization Costs Account on the Commissioning Date, the aggregate amount to be invested under the Available Base Equity Commitment or the Contingency Equity Commitment, as the case may be, and representing the Equity Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Demobilization Costs Account on the Commissioning Date and the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances calculated in paragraph (vii) of this definition;
- (liii) for purposes of funding the Funding Requirements necessary in connection with the funding of the DSRA up to the Minimum DSRA Requirement on the Commissioning Date, the aggregate amount requested to be [◻]Advanced[◻] under the LIL Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the

DSRA on the Commissioning Date and the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances the Funding Requirements calculated in paragraph 1.1(v) of this definition;

- (liv) for purposes of funding the Funding Requirements necessary in connection with the funding of the Punch List Costs Account on the Commissioning Date, the aggregate amount requested to be [Advanced] under the LIL Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Punch List Costs Account on the Commissioning Date and the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances the Funding Requirements calculated in paragraph (vi) of this definition;
- (lv) for purposes of funding the Funding Requirements necessary in connection with the funding of the Demobilization Costs Account on the Commissioning Date, the aggregate amount requested to be [Advanced] under the LIL Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements necessary in connection with the funding of the Demobilization Costs Account on the Commissioning Date and the portion of the Aggregate Partnership Project Funding Account and Operating Account Balances the Funding Requirements calculated in paragraph (vii) of this definition;
- (lvi) [a mark-to-market valuation of the Hedge Contracts; and]
- (lvii) a reconciliation of amounts disbursed from the Partnership Project Operating Account to amounts set forth and approved in any Funding Request provided during the prior month;
- (lviii) [Soft] Costs incurred as at the Effective Date of the Construction Report delivered in the same month as the Final Funding Request by major expense category and compared as against the original Project Budget;

**[NOTE TO DRAFT: Note that it is likely that the foregoing reporting on Soft Costs will be done pursuant to a soft cost report to be provided for in Article 7.]**

**"Financial Statements"** means, with respect to any Person, for any period, all prepared in accordance with GAAP, the balance sheet of such Person as at the end of such period and the related statements of income, retained earnings, shareholders' or partners' equity and cash flows for such period, setting forth in each case, in comparative form, the figures for the corresponding period of the previous fiscal quarter or for the previous fiscal year, as the case may be;

"**Financing Structure**" has the meaning ascribed to it from time to time in the recitals to the Collateral Agency Agreement;

"**Fiscal Agent**" means the Indenture Trustee, the depositaries of the FV Funds or FV Accounts required under the MTI or any sub-account thereof, any Paying Agent, or any or all of them as the context may require;

"**Force Majeure**" has the meaning ascribed thereto in the LIL Lease;

"**Fraudulent Conveyances Law**" means the *Fraudulent Conveyances Act* (NL), or any other like, equivalent or analogous legislation of any jurisdiction, domestic or foreign;

"**Fund**" means any fund, reserve fund or account required to be established pursuant to the MTI;

"**Funding Duties**" means the FV Trust Activities with respect to (i) the borrowing of money and the issuance of FV Bonds from time to time pursuant to the MTI and the other Funding Transaction Documents in a manner that enables the Funding Vehicle to lend money to the Intermediary Trust and meet all its obligations as direct secured lender to the Intermediary Trust [ ] and indirect secured lender to the Partnership [ ] pursuant to the Project Finance Documents, (ii) the performance of all obligations and the exercise of all rights of the Funding Vehicle under the Funding Transaction Documents and Guarantee Transaction Documents, (iii) subject to fulfilling the Funding Duty Requirement, the execution of all Funding Transaction Documents and Guarantee Transaction Documents on behalf of the Funding Vehicle, and (iv) all matters incidental or ancillary to the activities described in clauses (i), (ii) and (iii) of this definition including the matters contemplated in Sections 3.1 and 3.4 of the Collateral Agency Agreement, in each case acting in accordance with the instructions of the Funding Vehicle and Canada, each acting reasonably;

"**Funding Duty Requirement**" has the meaning ascribed to it from time to time in Section [ ] 4.1 [ ] of the Collateral Agency Agreement;

"**Funding Request**" means a request, substantially in the form of Schedule " [ ] " of the LIL Project Finance Agreement, addressed by the Partnership to the Collateral Agent and the Independent Engineer, specifying:

- (lix) the amount of Eligible Project Costs remaining unpaid as at the Effective Date thereof;
- (lx) that the Holdback Amounts required by Applicable Law or under the Material Project Documents to be held back by the Partnership have been held back and setting forth the details regarding such holdbacks;

**[NOTE TO DRAFT: The text pertaining to Commissioning has been removed as it is already addressed in the Construction Report and is within the purview of the project team.]**

- (lxi) the Permitted Investments made with the funds in the LIL Project Accounts;



- (lxii) that no LIL Event of Default has occurred and is continuing;
- (lxiii) if the Partnership requests a release of any Holdback Amount previously retained by the Intermediary Trust, the matters contemplated in paragraphs <■> and <■>;
- (lxiv) for purposes of funding the Funding Requirements, the Aggregate Partnership Project Funding Account and Operating Account Balances as at the Effective Date;
- (lxv) for purposes of funding the Funding Requirements, the aggregate amount to be invested under either the Available Base Equity Commitment or the Contingency Equity Commitment, as the case may be, and representing the Equity Rateable Share of the difference between the Funding Requirements and the Aggregate Partnership Project Funding Account and Operating Account Balances as at the Effective Date;
- (lxvi) for purposes of funding the Funding Requirements, the aggregate amount requested to be [<■>Advanced<■>] under the LIL Construction Facility and representing the Debt Rateable Share of the difference between the Funding Requirements and the Aggregate Partnership Project Funding Account and Operating Account Balances as at the Effective Date;
- (lxvii) [<■>a mark-to-market valuation of the Hedge Contracts; and <■>]
- (lxviii) a reconciliation of amounts disbursed from the Partnership Project Operating Account to amounts set forth and approved in any Funding Request provided during the prior month;
- (lxix) [<■>Soft<■>] Costs incurred as at the Effective Date of the Construction Report delivered in the same month as the relevant Funding Request by major expense category and compared as against the original Project Budget;

**[NOTE TO DRAFT: Note that it is likely that the foregoing reporting on Soft Costs will be done pursuant to a soft costs report to be provided for in Article 7.]**

"**Funding Requirements**" means, as at any date, as determined by the Collateral Agent, (i) where the Partnership has not requested a release of any Holdback Amount, the Eligible Project Costs as at the Effective Date of the Funding Request or Final Funding Request, as the case may be, pertaining to such Funding Requirements less any Holdback Amount relating thereto (unless a holdback release bond or letter of credit issued or confirmed in favour of the Collateral Agent and the Partnership by a surety or a Canadian bank whose name is set forth in Schedule I to the *Bank Act* (Canada) with a reputation and credit rating acceptable to the Collateral Agent and in each case, in form, amount and substance satisfactory to the Collateral Agent (it being understood and agreed that any such letter of credit shall provide that the Collateral Agent may draw thereunder alone and that the Partnership may only draw thereunder

jointly with the Collateral Agent), has been delivered to the Collateral Agent) (the [ ] "Net Hard Costs" [ ]) and (ii) where the Partnership has requested a release of any Holdback Amount previously retained by the Intermediary Trust, the [ ] Net Hard Costs [ ] plus the amount of the Holdback Amount requested to be released by the Partnership;

**"Funding Transaction Documents"** means the agreements entered into from time to time [ ] with respect to such portion of the FV Trust Activities [ ] as pertains to the borrowings to be made by or for the benefit of the Funding Vehicle for purposes of onlending to the Intermediary Trust and the Partnership pursuant to the Project Finance Documents, including the MTI, the FV Bonds, any other loan and debt documents, the [ ] FV Hedge Contracts [ ] entered into in connection therewith and any security documents executed by the Funding Vehicle in order to secure its obligations under the foregoing;

**"Funding Vehicle"** means Labrador - Island Link Funding Trust, a single purpose trust formed under the Laws of NL pursuant to the FV Declaration of Trust;

**"Funding Vehicle Project Costs and Expenses"** means costs and expenses due and payable by the Funding Vehicle to its advisors in connection with the Funding Transaction Documents or the IT Project Finance Documents, including the Independent Engineer and legal advisors including all reasonable costs and expenses incurred by the Funding Vehicle under any enforcement proceedings instituted pursuant to any of the Funding Transaction Documents or the IT Project Finance Documents;

**"Future LIL Assets and Rights"** means such of the LIL Assets and Rights that will be acquired by the Partnership following the Closing Date as and when required in order to proceed with construction of the Project in accordance with the Project Schedule;

**"FV Account"** means any fund, reserve fund or account required to be established pursuant to the MTI;

**"FV Bond"** means any evidence of indebtedness of the Funding Vehicle authenticated and delivered by the Indenture Trustee under and pursuant to the MTI, whether such evidence of indebtedness is a FV Obligation Bond or a FV Pledge Bond thereunder;

**"FV Bond Registers"** means, collectively, the one or more registers of FV Bondholders which the Indenture Trustee is required to maintain pursuant to Section 3.3 of the MTI;

**"FV Bondholder"** or **"holder"** or words of similar import, when used with reference to a FV Bond, means any Person who is, at the relevant time, the Person whose name is entered in the FV Bond Registers as the holder of such FV Bond, including any Person in whose name a FV Pledge Bond is registered as trustee, security holder or in a fiduciary capacity;

**"FV Counsel"** means [ ] and any successor thereof;

**"FV Consultants"** means the Insurance Consultant, the Independent Engineer, FV Counsel and any other experts, advisors or professionals retained or appointed from time to time to advise the GAA Finance Parties;

"**FV Declaration of Trust**" means the declaration of trust dated as of <█>, 2013 made by <█>, as Issuer Trustee for the Funding Vehicle;

"**FV Event of Default**" means an "Event of Default" as defined in the MTI;

"**FV Obligation Bond**" means a FV Bond issued as direct evidence of the Indebtedness of the Funding Vehicle to the holder thereof;

"**FV Payment**" means any payment of principal, interest, fees or other amounts payable by the Funding Vehicle on a FV Bond, in accordance with its terms and the terms of the applicable Supplemental Indenture, or under any other Funding Transaction Document;

"**FV Payment Account**" means account number <█> of the Funding Vehicle maintained at the Collateral Agent's Office [<█>] for purposes of payments to be made to it by the Intermediary Trust and payments to be made by it to the Fiscal Agents<█>];

"**FV Payment Date**" means any date on which a FV Payment is payable by the Funding Vehicle;

"**FV Pledge**" means, in respect of a FV Bond, a pledge, deposit or delivery of such FV Bond or other agreement between the Funding Vehicle and a FV Bondholder in respect of such FV Bond, in each case made in accordance with Section 4.1 of the MTI;

"**FV Pledge Bond**" means a FV Bond which is subject to a FV Pledge;

"**FV Proceeds Account**" means account number <█> of the Funding Vehicle maintained at the Collateral Agent's Office [<█>] for purposes of receiving the proceeds of all FV Bonds issued by it<█>];

"**FV Trust Activities**" means the activities of the Funding Vehicle permitted under the FV Declaration of Trust;

"**FV Trust Property**" means as of any particular time, any and all assets of the Funding Vehicle and any and all property, real, personal or otherwise, tangible or intangible, movable or immovable which has been transferred, conveyed or paid to, or acquired or originated by, the Funding Vehicle including all of the rights, title and interest of the Funding Vehicle in and to the Consolidated Transaction Documents, including all income, earnings, profits and gains therefrom, and all proceeds deriving therefrom or related thereto and which at such time is owned or held by the Funding Vehicle;

"**GAA**" means the guarantee assurance agreement dated <█>, 2013 entered into among [<█>Canada, the Collateral Agent, the Funding Vehicle, the Intermediary Trust, the Credit Parties<█>];

"**GAA Duties**" means performing all duties and functions required of the Collateral Agent pursuant to the GAA and the other Guarantee Transaction Documents including performing the Funding Duties and Project Financing Duties, providing the reports, advice, confirmations and certificates to Canada and including the matters contemplated in Sections 3.3 and 3.4 of the Collateral Agency Agreement, acting reasonably in accordance with the Collateral Agent

Standard and the instructions of Canada, acting reasonably; [NOTE TO DRAFT: Once a draft of the GAA has been settled between the parties, this scope may be expanded to reflect what is contemplated therein.]

"GAA Event of Default" means any of the events described in <■> of the GAA; [NOTE TO DRAFT: To be confirmed once the GAA is drafted.]

"GAA Finance Parties" means the Intermediary Trust and the Funding Vehicle, in their capacity as lenders under the Project Finance Documents, and Canada in accordance with the provisions of the GAA, provided, however, that upon the Assignment by the Intermediary Trust contemplated in Section <■> of the IT Project Finance Agreement, the Intermediary Trust will no longer be a GAA Finance Party;

"GAAP" means generally accepted accounting principles as defined by the Canadian Institute of Chartered Accountants or its successors, as amended or replaced by international financial reporting standards or as otherwise amended from time to time;

"General Partner" means Labrador - Island Link General Partner Corporation, a NL corporation, in its capacity as general partner of the Partnership, and includes any successor thereto in such capacity;

"GIA" means the generator interconnection agreement to be entered into between <■>;

"Good Utility Practice" means those project management, design, procurement, construction, operation, maintenance, repair, removal and disposal practices, methods and acts that are engaged in by a significant portion of the electric utility industry in Canada during the relevant time period, or any other practices, methods or acts that, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, could have been expected to accomplish a desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be the optimum practice, method, or act to the exclusion of others, but rather to be a spectrum of acceptable practices, methods or acts generally accepted in such electric utility industry for the project management, design, procurement, construction, operation, maintenance, repair, removal and disposal of electric utility facilities in Canada. Notwithstanding the foregoing references to the electric utility industry in Canada, in respect solely of Good Utility Practice regarding subsea HVdc transmission cables, the standards referenced shall be the internationally recognized standards for such practices, methods and acts generally accepted with respect to subsea HVdc transmission cables. Good Utility Practice shall not be determined after the fact in light of the results achieved by the practices, methods or acts undertaken but rather shall be determined based upon the consistency of the practices, methods or acts when undertaken with the standard set forth in the first two sentences of this definition at such time;

"Governmental Authority" means, in relation to any Person, property, transaction or event, any (i) federal, provincial, state, territorial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), (ii) agency, authority, commission, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government,

(iii) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, (iv) private regulatory entity, self-regulatory organization or other similar Person, or (v) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, property, transaction or event;

**"Guarantees"** means, with respect to any Person, any Indebtedness of another Person which such guaranteeing Person has guaranteed or in respect of which such guaranteeing Person is liable, contingently or otherwise, including liable by way of agreement to purchase property or services, to provide funds for payment, to supply funds to or otherwise invest in such other Person, or otherwise, in all cases to assure a creditor of such other Person against loss, other than endorsements for collection or deposit in the ordinary course of business. Furthermore, **"Guarantee"** and **"Guaranteeing"** shall have correlative meanings. For the purposes of determining compliance with various provisions in any Project Finance Document or Guarantee Transaction Document relating to Guarantees, the amount of any Guarantee shall be deemed to be the lesser of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made (for greater clarity where such primary obligation is to be incurred pursuant to a revolving credit facility, the amount of the aggregate commitments under such a facility shall constitute the stated amount of the primary obligation) and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guaranteeing Person may be liable are not stated or determinable, in which case the amount of such Guarantee shall be deemed to be such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as reasonably determined by the Collateral Agent in good faith;

**"Guarantee Transaction Documents"** means the agreements entered into from time to time [ <■> with respect to such portion of the FV Trust Activities <■> ] as pertains to the contractual arrangements between, *inter alia*, Canada and the Funding Vehicle in connection with the issuance of the Federal Loan Guarantee, including the Federal Loan Guarantee, the GAA, the Collateral Agency Agreement and the GAA Security Documents;

**"Hard Costs"** means all of the design, procurement, construction, acquisition and other similar costs identified in the Project Budget, including, without duplication:

- (lxx) the cost of designing, equipping, procuring, constructing, Commissioning, starting up and testing the Project;
- (lxxi) the cost of acquiring any of the LIL Assets and Rights;
- (lxxii) real and personal property taxes (but excluding ad valorem taxes and Sales Taxes) and insurance premiums payable with respect to the Project during the Construction Period;
- (lxxiii) initial working capital requirements of the Project as set forth in the Project Budget;
- (lxxiv) the costs of acquiring Authorizations for the Project;

- (lxxv) the cost of establishing a spare parts inventory for execution of the Project;
- (lxxvi) amounts spent out of the contingency allowances set forth in the Project Budget;
- (lxxvii) all amounts payable under Material Project Documents relating to the construction of the Project, as well as any other agreements with any other contractors supplying goods or services to the Project;
- (lxxviii) the cost of funding the Demobilization Costs;

[NOTE TO DRAFT: Under review by the Nalcor project team.]

"**Hazardous Material**" means any contaminant, pollutant, toxic substances, hazardous material, residual material, waste, dangerous goods, hazardous substances or other similar terms as such terms are defined in any Environmental Law;

[<■> "**Hedging Program**" means <■>; <■>]

"**Holdback Amount**" has the meaning ascribed to it in subsection <■> of the LIL Project Finance Agreement;

"**Holder**" has the meaning set forth in the *Muskrat Falls Project Land Use and Expropriation Act* (NL);

"**HST**" means all amounts exigible pursuant to Part IX of the Excise Tax Act, including, for greater certainty, the Taxes commonly referred to as the goods and services tax (GST) and the harmonized sales tax (HST);

"**IE Contract**" means the agreement number LC-PM-082 for independent engineer and operating and maintenance services dated as of August 27, 2012 entered into between Nalcor and the Independent Engineer, [<■> as assigned to the Partnership on <■>, 2013<■>];

"**IGA**" means the intergovernmental agreement to be entered into between NL Crown and Canada in connection with the Project, the MF Plant and the LTA;

"**Income on Prepaid Rent**" has the meaning ascribed thereto in the LIL LP Agreement;

"**Indebtedness**" includes, without duplication, for any Person:

- (lxxix) obligations representing the deferred purchase price of property or services;
- (lxxx) obligations, whether or not assumed, secured by Liens on, or payable out of the proceeds or production from, property owned by such Person;
- (lxxxix) Debt for Borrowed Money of such Person;

(lxxxii) any obligation described above or any Guarantee, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in any Assets of such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and

(lxxxiii) obligations under Guarantees;

**"Indemnified Parties"** means the Collateral Agent, the GAA Finance Parties, each of their Affiliates as well as their respective directors, officers, employees, advisors, representatives and agents;

**"Indenture Trustee"** means [REDACTED], a trust company, and includes any successor thereto;

**"Independent Engineer"** means MWH Canada Inc. and any successor thereof and any other engineering consultants appointed from time to time for the Project, with the consent of the Partnership by the [[REDACTED]] Collateral Agent or any other Person from time to time to advise the GAA Finance Parties[REDACTED] in replacement thereof, it being understood that only one engineering consultant or firm can occupy this role at any one time;

**"Independent Engineer's Confirmation"** means a certificate from the Independent Engineer substantially in the form of the one attached as Schedule "[REDACTED]" of the LIL Project Finance Agreement, addressed to the Collateral Agent in connection with any Construction Report and/or Funding Request or Final Funding Request, whereby the Independent Engineer certifies, *inter alia*, that, it is not aware of any inaccuracy in the relevant Construction Report and/or Funding Request or Final Funding Request, and that:

(lxxxiv) the work on the Project is being effected or performed substantially in all respects in accordance with the Project Plans, the Material Project Contracts and Good Utility Practice;

(lxxxv) it has no reason to believe that Commissioning shall not be achieved on or before the Date Certain;

(lxxxvi) the Hard Costs forming part of the Eligible Project Costs included in any Funding Request or the Final Funding Request with respect to the Material Project Contracts are valid [[REDACTED]] Hard Costs[REDACTED] and payments to the Persons to whom such [[REDACTED]] Hard Costs[REDACTED] are owed are supported by adequate information provided under the relevant Funding Request or Final Funding Request;

**[NOTE TO DRAFT: To be refined to reflect documents and information to be delivered further to discussions to be had among the Independent Engineer, the Nalcor project team and Cassels Brock. Discussion scheduled to occur on October 1<sup>st</sup>.]**

(lxxxvii) the Cost to Complete the Project associated with the Material Project Contracts set forth in the relevant Construction Report and/or

Funding Request or the Final Funding Request is a reasonable estimate and the Independent Engineer is not aware of any other technical costs that may be incurred and which are not included in such Cost to Complete estimate;

**"Initial Material Project Documents"** means the contracts, agreements and Authorizations described or referred to in Parts <■> of Schedule "<■>" of the LIL Project Finance Agreement; **[NOTE TO DRAFT: To include the LIL Assets Agreement, the TFA, the LIL Remedies Agreement and the LIL Lease.]**

**"Insolvency Event"** means, in relation to any Person, the occurrence of one or more of the following:

- (lxxxviii) an order is made, or an effective resolution passed, for the winding-up, liquidation or dissolution of such Person;
- (lxxxix) such Person voluntarily institutes proceedings for its winding up, liquidation or dissolution, or to authorize or enter into an arrangement under the *Corporations Act* (NL) or similar legislation in any other jurisdiction affecting any of its creditors, or takes action to become bankrupt, or consents to the filing of a bankruptcy application against it, or files an assignment, a proposal, a notice of intention to make a proposal, an application, or answer or consent seeking reorganization, readjustment, arrangement, composition, protection from creditors, or similar relief under any bankruptcy or insolvency law or any other similar Applicable Law, including the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada), or consents to the filing of any such application for a bankruptcy order, or consents to the appointment of an interim receiver, receiver, monitor, liquidator, restructuring officer or, trustee in bankruptcy of all or substantially all of the property of such Person or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they come due or commits any other act of bankruptcy or insolvency, or suspends or threatens to suspend transaction of its usual business, or any action is taken by such Person in furtherance of any of the foregoing;
- (xc) a court having jurisdiction enters a judgment or order adjudging such Person a bankrupt or an insolvent person, or approving as properly filed an application or motion seeking an arrangement under the *Corporations Act* (NL) or similar legislation in any other jurisdiction affecting any of its creditors or seeking reorganization, readjustment, arrangement, composition, protection from creditors, or similar relief under any bankruptcy or insolvency law or any other similar Applicable Law, or an order of a court having jurisdiction for the appointment of an interim receiver, receiver, monitor, liquidator, restructuring officer or, trustee in bankruptcy of all or substantially all of the undertaking or property of such Person, or for the winding up, liquidation or dissolution of its affairs, is



entered and such order is not contested and the effect thereof stayed, or any material part of the property of such Person is sequestered or attached and is not returned to the possession of such Person or released from such attachment within 30 days thereafter;

- (xci) any proceeding or application is commenced respecting such Person without its consent or acquiescence pursuant to any Applicable Law relating to bankruptcy, insolvency, reorganization of debts, winding up, liquidation or dissolution, and such proceeding or application (i) results in a bankruptcy order or the entry of an order for relief and a period of 30 days has elapsed since the issuance of such order without such order having been reversed or set aside or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the commencement of such proceeding or application; or
- (xcii) such Person has ceased paying its current obligations in the ordinary course of business as they generally become due;

**"Insolvency Law"** means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) and any plan of arrangement law or any corporations statute permitting a corporation to propose a compromise or an arrangement with respect to creditors or any class of creditors of the corporation or any other like, equivalent or analogous laws of any jurisdiction, domestic or foreign;

**"Insolvency Proceeding"** refers to any proceeding relating to or arising in connection with or as a result of an Insolvency Event, including:

- (xciii) an assignment for the benefit of creditors, the filing of an application for a bankruptcy order, a proposal or a notice of intention under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) or any other similar Law of any other jurisdiction;
- (xciv) the adjudication of any Person as insolvent or bankrupt;
- (xcv) the petition or application to any tribunal for any receiver, trustee, liquidator or sequestrator of any Person or for any portion of such Person's property; or
- (xcvi) anything analogous or having a substantially similar effect to any of the events specified above happens under the Law of any other applicable jurisdiction;

**"Insurance Consultant"** means <■>;

**"Intellectual Property Rights"** has the meaning ascribed to it from time to time in the LIL Lease;

**"Intermediary Trust"** means <█>, a single purpose trust formed under the Laws of NL pursuant to the IT Declaration of Trust;

**"Intermediary Trust Activities"** means the activities of the Intermediary Trust permitted under the IT Declaration of Trust;

**"Intermediary Trust Guarantee"** means the Guarantee granted by the Partnership and Opco in favour of the Funding Vehicle with respect to the obligations of the Intermediary Trust under the IT Project Finance Agreement;

**"Intermediary Trust Liens"** has the meaning ascribed to it in Section 12.2 of the LIL Project Finance Agreement;

**"Intermediary Trust Payment Account"** means account number <█> of the Intermediary Trust maintained at the Collateral Agent's Office [<█> for purposes of the payments to be made to it by the Partnership and payments to be made by it to the Funding Vehicle<█>];

**"Intermediary Trust Proceeds Account"** means account number <█> of the Intermediary Trust maintained at the Collateral Agent's Office [<█> for purposes of receiving the proceeds of the loans made to it by the Funding Vehicle<█>];

**"Intermediary Trust Project Costs and Expenses"** means <█>;

**"Investment"** means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business) or contribution of capital to any other Person or any acquisition of Capital Stock, deposit accounts, certificates of deposit, mutual funds, bonds, notes, debentures or other securities of any other Person or any structured notes, and **"Invest"** and **"Invested"** shall have the correlative meaning;

**"Investment Grade"** means <█>;

**"Island Interconnected System"** has the meaning ascribed to it from time to time in the LIL Lease;

**"Issuer Trustee"** means <█>, in its capacity as trustee of the Funding Vehicle, and includes any successor thereto in such capacity;

**"IT Declaration of Trust"** means the declaration of trust dated as of <█>, 2013 made by <█>, as IT Trustee, with respect to the Intermediary Trust;

**"IT Initial Conditions Precedent"** has the meaning ascribed thereto in Section <█> of the IT Project Finance Agreement;

**"IT Payment"** means any payment of principal, interest, fees or other amounts payable by the Intermediary Trust to the Funding Vehicle under the IT Project Finance Agreement;

"**IT Project Finance Agreement**" means the [redacted] financing agreement [redacted] dated as of [redacted], 2013 entered into among the Intermediary Trust, as borrower, the Funding Vehicle, as lender, the Partnership and Opco, as Guarantors, and the Collateral Agent;

"**IT Project Finance Documents**" refers collectively to the IT Project Finance Agreement, together with each document, instrument or agreement, including any security agreement, entered into in connection with the transactions contemplated therein;

"**IT Project Financing Duties**" means the FV Trust Activities with respect to (i) the lending of money obtained pursuant to the Funding Transaction Documents from time to time, to the Intermediary Trust as direct secured lender pursuant to the IT Project Finance Documents, (ii) the performance of all obligations and the exercise of all rights of the Funding Vehicle, in its capacity as secured lender under the IT Project Finance Documents, and (iii) all matters incidental or ancillary to the activities described in clauses (i) and (ii) of this definition including the matters contemplated in Sections 3.2 and 3.4 of the Collateral Agency Agreement, in each case acting in accordance with the instructions of the Funding Vehicle and Canada, each acting reasonably;

"**IT Secured Obligations**" means [redacted];

"**IT Trustee**" means [redacted], [redacted] a trust company [redacted], in its capacity as trustee of the Intermediary Trust, and includes any successor thereto in such capacity;

"**Knowledge**" means in the case of any Obligor, as applicable, the actual knowledge of any of the executive officers of such Obligor and "**Know**" and "**Known**" shall have correlative meanings;

"**Labrador Transco**" means Labrador Transmission Corporation, a NL corporation, and includes any successor thereto;

"**Law**" means any international treaty, any domestic or foreign constitution or any federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation or order (including any consent, decree or administrative order) or any directive, guideline, policy or Authorization of any Governmental Authority;

"**Lead Arranger**" means [redacted], in its capacity as the lead arranger with respect to the Funding Transaction Documents;

"**Lien**" means (i) any right of set-off or combination of accounts intended to secure the payment or performance of an obligation, (ii) any interest in property securing an obligation owed to, or a claim by, a Person other than the owner (which for the purposes hereof shall include a possessor under a title retention agreement and a lessee under a Capital Lease or in a Sale and Leaseback Transaction), including by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, hire purchase agreement, conditional sale agreement, deposit arrangement, deemed trust, title retention, Capital Lease, discount, factoring or securitization arrangement, deemed trust, on recourse terms, (iii) any preference, priority, adverse claim, levy, execution, seizure, attachment, garnishment or other encumbrance which binds property, and (iv) any agreement to grant any of the foregoing rights or interests;

[<■>"LIL Amortization Profile" means [<■>level dollar principal amortization ending fifty-five (55) years after the Closing Date and fully amortizing the principal amount of [<■>the LIL Loans<■>] as illustrated in Schedule <■> of the LIL Project Finance Agreement;<■>] [NOTE TO DRAFT: Not used.]

"LIL Affected Funds" has the meaning ascribed to it in Section 11.1 of the LIL Project Finance Agreement;

"LIL Assets Agreement" means the agreement entered into as of <■>, 2013 between the Partnership and Opco relating, among other things, to the lease, assignment and licence, as applicable, of the LIL Assets and Rights by the Partnership to Opco, and the assumption by Opco of the operation and maintenance of the LIL Assets and Rights;

"LIL Assets and Rights" has the meaning ascribed to it from time to time in the LIL Lease;

<■>"LIL Available Construction Facility" means, as at any time, as determined by the Collateral Agent, the lesser of (i) the difference between the [<■>LIL Construction Facility<■>] then in effect and the [<■> LIL Construction Loans<■>] then outstanding, and (ii) the balance on deposit at such time in the Proceeds Account;<■>

"LIL Collateral Trust Deed" has the meaning ascribed to it in Section <■> of the LIL Project Finance Agreement;

"LIL Compliance Certificate" means a certificate, substantially in the form of the one attached hereto as Schedule "<■>" of the LIL Project Finance Agreement, signed by a Responsible Officer of the General Partner in his capacity as an officer of the General Partner and without personal liability:

- (xcvii) setting forth the calculations required to establish the Retrospective DSCR and the Prospective DSCR;
- (xcviii) attesting that all of the terms, covenants and conditions of the LIL Project Finance Agreement and each of the other LIL Project Finance Documents to be performed or complied with by the Credit Parties at or prior to the date thereof have been performed or complied with;
- (xcix) attesting that no LIL Event of Default has occurred and is continuing on the date thereof; and
- (c) attesting that, to the Knowledge of said officer, except as otherwise disclosed to the Collateral Agent in writing, the representations and warranties set forth in Article 5 of the LIL Project Finance Agreement are still true and correct in all material respects as of the date of such certificate (except in the case of representations stated to be as of a specific date) with the same force and effect as if made at and as of such date;

"**LIL Disgorged Amount**" has the meaning ascribed thereto in Section 1.15 of the LIL Project Finance Agreement;

<█> "**LIL Draw Request**" means a notice, substantially in the form of the one attached as Schedule "<█>" of the LIL Project Finance Agreement, issued by the Partnership to the Collateral Agent in connection with any LIL Drawdown requested by the Partnership under the LIL Project Finance Agreement;<█>

<█> "**LIL Drawdown**" means a fresh <█> Advance<█> which is not derived from a conversion or rollover pursuant to Section <█>;<█>

<█> "**LIL Drawdown Date**" means any day on which a LIL Drawdown is made, provided, however, that in the case of each LIL Drawdown, the LIL Drawdown Date shall occur on the first (1st) Business Day of the month that immediately follows the month during which delivery of the corresponding Funding Request occurred;<█>

"**LIL Due Date**" means, with respect to any payment due by the Partnership under any LIL Project Finance Document, the date on which such payment is required to be made by the Partnership pursuant to the provisions of that LIL Project Finance Document (without taking into account any grace period granted to the Partnership to cure any failure to pay) and, where any amount is payable on demand made by the Collateral Agent, the date that the Collateral Agent makes such a demand.

"**LIL Event of Default**" means any of the events described in Article 9 of the LIL Project Finance Agreement;

"**LIL Guaranteed Obligations**" has the meaning ascribed thereto in Section 1.1 of the LIL Project Finance Agreement;

[<█> "**LIL Hedge Contracts**" is the collective reference to the Derivative Instruments entered into from time to time between the Partnership and any LIL Hedge Provider;<█>]

[<█> "**LIL Hedge Provider**" shall mean any Person that enters into a LIL Hedge Contract with the Partnership as a counterparty and shall include the Intermediary Trust;<█>]

"**LIL Income on Account Balances**" means, with respect to any LIL Project Account, any interest or other income earned by the Partnership from investment of any sums on deposit in such LIL Project Account, including any interest or other income earned on the re-investment of such interest or other income so earned;

"**LIL Indemnified Parties**" means the Collateral Agent, the GAA Finance Parties, each of their Affiliates as well as their respective directors, officers, employees, advisors, representatives and agents;

"**LIL Indicative Credit Ratings**" means <█>;

"**LIL Initial Conditions Precedent**" has the meaning ascribed to such expression in Section 3.1 of the LIL Project Finance Agreement;

"**LIL Land Area**" has the meaning ascribed to it from time to time in the LIL Lease;

"**LIL Lease**" means the agreement entered into as of <[REDACTED]>, 2013 between the Partnership and Opco by which the LIL Assets and Rights are to be leased, assigned or licenced, as applicable, by the Partnership to Opco;

"**LIL Loss Event**" has the meaning ascribed to it in Section 11.1 of the LIL Project Finance Agreement;

"**LIL LP Agreement**" means the limited partnership agreement dated July 31, 2012 establishing the Partnership entered into between the General Partner, as general partner, and Nalcor LP, as limited partner;

[<[REDACTED]>"**LIL Mortgaged Property**" has the meaning ascribed thereto in each LIL Collateral Trust Deed;<[REDACTED]>] [NOTE TO DRAFT: Not used.]

"**LIL Opco Guarantee**" means the Guarantee of Opco pursuant to the provisions of Article 1 of the LIL Project Finance Agreement;

"**LIL Parties**" means collectively the Contributing Parties, the GP and the Partnership;

"**LIL Payment**" means any payment of principal, interest, fees or other amounts payable by the Partnership under the LIL Project Finance Agreement;

"**LIL Payment Demand**" has the meaning ascribed thereto in Section 1.3 of the LIL Project Finance Agreement;

"**LIL Project Accounts**" refers collectively to the Partnership Project Funding Account, the Opco Project Funding Account, the Partnership Project Operating Account, the Opco Project Operating Account, the DSRA, the Prepaid Rent Reserve Account, the Partnership Distribution Reserve Account, the Opco Distribution Reserve Account, the Partnership Demobilization Costs Account, the Opco Demobilization Costs Account, the Partnership Punch List Costs Account, the Opco Punch List Costs Account, the Partnership Insurance Reserve Account and the Opco Insurance Reserve Account;

"**LIL Project Description**" has the meaning ascribed to it from time to time in the LIL Lease;

"**LIL Project Finance Agreement**" means the [<[REDACTED]>financing agreement<[REDACTED]>] dated as of <[REDACTED]>, 2013 entered into among the Partnership, as borrower, the Intermediary Trust, as lender, Opco and the General Partner, as Credit Parties, and the Collateral Agent;

"**LIL Project Finance Documents**" means the LIL Project Finance Agreement, the LIL Security Documents, the [<[REDACTED]>LIL Hedge Contracts<[REDACTED]>], the Equity Agreements, the Collateral Agency Agreement and each document, instrument or agreement entered into by or between the Intermediary Trust, the Partnership, Opco, the Collateral Agent or any other Person in connection with the Intermediary Trust lending funds to the Partnership or which is supplemental to the LIL Project Finance Agreement but expressly excludes the Material Project Documents;

"**LIL Project Financing Duties**" means the Intermediary Trust Activities with respect to (i) the lending of money obtained pursuant to the IT Project Finance Documents from time to time, to the Partnership as direct secured lender pursuant to the LIL Project Finance Documents, (ii) the performance of all obligations and the exercise of all rights of the Intermediary Trust, in its capacity as secured lender under the LIL Project Finance Documents, and (iii) all matters incidental or ancillary to the activities described in clauses (i) and (ii) of this definition including the matters contemplated in Sections 3.2 and 3.4 of the Collateral Agency Agreement, in each case acting in accordance with the instructions of the Intermediary Trust, the Funding Vehicle and Canada, each acting reasonably;

"**LIL Real Property Interests**" has the meaning ascribed thereto in the LIL Assets Agreement;

"**LIL Remedies Agreement**" means an agreement entered into as of <[REDACTED]>, 2013 between the Partnership, Opco and NLH setting forth certain specific remedies associated with the TFA and the LIL Lease;

"**LIL Secured Obligations**" refers collectively to all the obligations of the Credit Parties under the LIL Project Finance Documents, including the obligation of the Partnership to repay [<[REDACTED]>the LIL Loans<[REDACTED]>] upon the terms and conditions provided for under the LIL Project Finance Agreement [<[REDACTED]>and the obligations of the Partnership to the LIL Hedge Providers under the LIL Hedge Contracts<[REDACTED]>];

"**LIL Security Documents**" is the collective reference to the agreements and documents referred to in Article 2 of the LIL Project Finance Agreement;

"**LIL Security Trustee**" means <[REDACTED]>, a trust company, in its capacity as security trustee under certain LIL Security Documents;

"**Limited Partners**" means Nalcor LP and Emera LP, as limited partners of the Partnership, and "**Limited Partner**" refers to any one thereof, as the context requires;

"**Limited Partnership Units**" refers collectively to all of the units of the Partnership issued and outstanding and held by the General Partner, Nalcor LP and Emera LP;

[<[REDACTED]>"**Liquidity Reserves**" means all amounts on deposit in any [<[REDACTED]>Liquidity Reserve Account<[REDACTED]>] established pursuant to the provisions of the LIL Project Finance Agreement.<[REDACTED]>] **NOTE TO DRAFT: Will any be established or contemplated for LIL since none is required?**]

"**LTA**" has the meaning ascribed to it from time to time in the LIL Lease;

"**LTAMP**" has the meaning ascribed to it from time to time in the LIL Lease;

"**Maritime Link**" has the meaning ascribed to it from time to time in the LIL Lease;

"**Material Adverse Effect**" means:

- (ci) any material adverse change in the Assets or financial condition, of the Credit Parties taken as a whole;
- (cii) any material impairment in the ability of the Credit Parties to fulfill any payment covenant or obligation to the Intermediary Trust and the Collateral Agent under the LIL Project Finance Documents or to any Material Project Participant under the Material Project Documents; and
- (ciii) any material impairment of the Rights, Recourses and/or Remedies of the Collateral Agent or any of the GAA Finance Parties under the LIL Security Documents;

**"Material Project Documents"** refers collectively to the Initial Material Project Documents and the Additional Material Project Documents [NOTE TO DRAFT: The Schedule will contain a list of the material contracts including the EPCM, submarine design and install agreement, PDMA, MSA, TFA, LAA, LIL Lease and LIL Remedies Agreement. The LIL LP Agreement will NOT be included.]

**"Material Project Participants"** means (i) the Partnership; (ii) Opc; and (iii) each other Person party to a Material Project Document or an Additional Material Project Document;

**"MF Plant"** has the meaning ascribed to it from time to time in the LIL Lease;

**"Minimum DSRA Requirement"**, with respect to any Minimum DSRA Requirement Fixing Date, has the meaning ascribed thereto in Schedule "<[REDACTED]>" of the LIL Project Finance Agreement; [NOTE TO DRAFT: The schedule would have to be prepared to provide for the Minimum DSRA Requirement for each Minimum DSRA Requirement Fixing Date based on the amortization of the loans and the applicable interest rate, with the first Minimum DSRA Requirement being fixed for the purposes of Commissioning. The Minimum DSRA Requirement schedule will have to be designed so as to exclude the loans payable on their maturity date in respect of any period that includes the last 6 months immediately prior to the maturity of the loans. In addition, if we have sequential bond issuances, additional adjustments reflecting the Note to Draft under the definition of Total Debt Service will be necessary.]

**"Minimum DSRA Requirement Fixing Date"** <[REDACTED]>;

**"MLA"** means the *Mechanics' Lien Act* (NL);

**"Moody's"** means Moody's Investors Service, Inc. and its successors;

**"MSA"** means the management and support services agreement dated <[REDACTED]>, entered into between <[REDACTED]>, Opc and the Partnership; [NOTE TO DRAFT: It is likely that the MSA will not have been executed by financial close because the technical information to be included therein may not become available until Commissioning. As such, we would suggest that the MSA not form part of the agreements to be delivered by financial close, but that it form part of the Commissioning conditions precedent instead.]



"**MTI**" means the master trust indenture dated <[REDACTED]>, 2013 entered into between the Funding Vehicle and the Indenture Trustee;

"**Musktrat**" means Muskrat Falls Corporation, a NL corporation, and includes any successor thereto;

"**Musktrat/LTA Collateral Agency Agreement**" means <[REDACTED]>;

"**Musktrat/LTA Collateral Agent**" means <[REDACTED]>, in its capacity as collateral agent under the Muskrat/LTA Collateral Agency Agreement;

"**Musktrat/LTA Event of Default**" means any of the events described in Article <[REDACTED]> of the Muskrat/LTA Project Finance Agreement;

"**Musktrat/LTA Initial Conditions Precedent**" has the meaning ascribed thereto in Section <[REDACTED]> of the Muskrat/LTA Project Finance Agreement;

"**Musktrat/LTA Project Finance Agreement**" means the [<[REDACTED]> financing agreement<[REDACTED]>] dated <[REDACTED]>, 2013 entered into between Muskrat and LTA, as borrowers, and [<[REDACTED]> Muskrat/LTA Funding Vehicle<[REDACTED]>], as lender;

"**Nalcor**" means Nalcor Energy, a body corporate existing pursuant to the *Energy Corporation Act* (NL), in its own right and not as an agent of NL Crown, and includes any successor thereto;

"**Nalcor Base Equity Contribution**" has the meaning ascribed to it in subsection 2.3.1 of the ESA;

"**Nalcor Contingency Equity Contribution**" has the meaning ascribed thereto in subsection 2.4.1 of the ESA;

"**Nalcor Contribution**" as the context requires, refers to any one of the Nalcor Base Equity Contribution, Nalcor Contingency Equity Contribution and Nalcor DSRA Equity Contribution;

"**Nalcor DSRA Equity Contribution**" has the meaning ascribed thereto in subsection 2.5.1 of the ESA;

"**Nalcor LP**" means Labrador - Island Link Holding Corporation, a NL corporation, and includes any successor thereto;

"**Nalcor LP Base Equity Contribution**" has the meaning ascribed to it in subsection 2.3.2 of the ESA;

"**Nalcor LP Contingency Equity Contribution**" has the meaning ascribed thereto in subsection 2.4.2 of the ESA;

"**Nalcor LP Contribution**" as the context requires, refers to any one of the Nalcor LP Base Equity Contribution, Nalcor LP Contingency Equity Contribution and Nalcor LP DSRA Equity Contribution;

"**Nalcor LP DSRA Equity Contribution**" has the meaning ascribed thereto in subsection 2.5.2 of the ESA;

"**Nalcor Sanction Resolution**" refers collectively to (i) the sanction resolution of the board of directors of Nalcor of December 5, 2012 with respect to, *inter alia*, the Project, (ii) the sanction resolution of the board of directors of Nalcor of March 22, 2013 with respect to, *inter alia*, the Project and (iii) the sanction resolution of the board of directors of the General Partner of April 11, 2013 with respect to the Project,

"**NEFA**" means the Nalcor Equity Funding Agreement dated as of <■> and entered among Nalcor LP, the GP and the Partnership;

"**NL**" means the Province of Newfoundland and Labrador;

"**NL Crown**" means Her Majesty in right of NL;

"**NL Crown Contribution**" means any payment to the Collateral Agent for deposit to the Partnership Project Funding Account or the DSRA, as the case may be (or any direct deposit in the Partnership Project Funding Account or DSRA, as the case may be) required to be made by NL Crown pursuant to Section 2.3 of the ESG;

"**NL Crown Guarantee**" means the guarantee for the ESA to be entered into between NL Crown and the Collateral Agent;

"**NL Crown Payment Demand**" means a notice, substantially in the form of the one attached as Schedule "A", Schedule "B" or Schedule "C", as the case may be, to the ESG issued by the Collateral Agent to NL Crown under the provisions of Section 2.3 of the ESG;

"**NL Guaranteed Obligations**" means, collectively, (i) the obligation of Nalcor to pay to Nalcor LP all amounts required to be so paid by Nalcor under and pursuant to the ESA and (ii) the obligation of Nalcor LP to pay to the Partnership all amounts required to be so paid by it under and pursuant to the ESA;

"**NLH**" means Newfoundland and Labrador Hydro, a body corporate existing pursuant to the *Hydro Corporation Act, 2007* (NL), in its own right and not as agent of the Crown, and includes any successor thereto;

"**NL Payment Conditions**" has the meaning ascribed to it in Section 2.4 of the ESG;

"**Notice**" means a communication required or contemplated to be given by any party to any Project Finance Document or Guarantee Transactions Document to any of the other parties thereto in accordance with the provisions thereof;

"**NS**" means the Province of Nova Scotia;

"**NS IGA**" means the intergovernmental agreement to be entered into between NS and Canada in connection with the Maritime Link;

"**O&M Activities**" has the meaning ascribed to it from time to time in the LIL Lease;

"**O&M Budget**" has the meaning ascribed to it from time to time in the LIL Lease;

"**Obligors**" means each of the Intermediary Trust, the Partnership, the General Partner and Opco, in its capacity as a borrower or guarantor or other designated credit party under the Project Finance Documents;

"**Obligors' Counsel**" means Fasken Martineau DuMoulin LLP and McInnes Cooper LLP and each additional or replacement firm of solicitors of recognized national standing as the Obligors may select from time to time;

"**Obligors' Real Property Counsel**" means McInnes Cooper LLP and each additional or replacement firm of solicitors of recognized national standing as the Partnership may select from time to time;

"**Oliver Letter**" means the letter executed by Joe Oliver, Minister of Natural Resources, Government of Canada, as of January 4, 2013 in connection with certain conditions precedent to be satisfied under the [<■>LIL Project Finance Agreement<■>], and addressed to Jerome Kennedy, Minister of Natural Resources, Government of Newfoundland and Labrador;

"**Opco**" means Labrador – Island Link Operating Corporation, a NL corporation, and includes any successor thereto;

"**Opco Accounts**" refers collectively to the Opco Project Funding Account, the Opco Project Operating Account, the Opco Distribution Reserve Account, the Opco Demobilization Costs Account, the Opco Punch List Costs Account and the Opco Insurance Reserve Account;

"**Opco Demobilization Costs Account**" has the meaning ascribed thereto in Section 4.14 of the LIL Project Finance Agreement;

"**Opco Distribution Reserve Account**" has the meaning ascribed thereto in Section 4.11 of the LIL Project Finance Agreement;

"**Opco Insurance Reserve Account**" has the meaning ascribed thereto in Section 4.12 of the LIL Project Finance Agreement;

"**Opco Project Funding Account**" has the meaning ascribed thereto in Section 4.9 of the LIL Project Finance Agreement;

"**Opco Project Operating Account**" has the meaning ascribed thereto in Section 4.10 of the LIL Project Finance Agreement;

"**Opco Punch List Costs Account**" has the meaning ascribed therein in Section 4.13 of the LIL Project Finance Agreement;

"**Opco Step-In Agreement**" means the step-in agreement relating to Opco in the form attached as Schedule [<■>1<■>] to the TFA;

"**Operating Period**" means the period commencing on the [ ] Commissioning Date [ ] and terminating on the earlier of:

- (civ) the fortieth (40<sup>th</sup>) anniversary of the Closing Date;
- (cv) the date that the [ ] LIL Construction Facility [ ] is terminated and cancelled in its entirety under the provisions of Section 10.1 of the LIL Project Finance Agreement; and
- (cvi) the date of any other cancellation of the [ ] LIL Construction Facility [ ] in its entirety;

"**Operating Report**" has the meaning ascribed to it in subsection 7.1.3 of the LIL Project Finance Agreement;

"**Other Project Costs**" means the Project Costs other than Project Costs comprised of the fees, costs and expenses forming part of the Various Agent Costs and Expenses, the Canada Costs and Expenses, the Funding Vehicle Project Costs and Expenses and the Intermediary Trust Project Costs and Expenses;

"**Partner**" means the General Partner, Nalcor LP, Emera LP or any other limited partner of the Partnership from time to time and "**Partners**" means all such Persons;

"**Partnership**" means Labrador - Island Link Limited Partnership, a limited partnership formed under the *Limited Partnership Act* (NL) pursuant to the LIL LP Agreement and includes any successor thereto;

"**Partnership Accounts**" refers collectively to the Partnership Project Funding Account, the Partnership Project Operating Account, the DSRA, the Prepaid Rent Reserve Account, the Partnership Distribution Reserve Account, the Partnership Demobilization Costs Account, the Partnership Punch List Costs Account and the Partnership Insurance Reserve Account;

"**Partnership Demobilization Costs Account**" has the meaning ascribed thereto in Section 4.8 of the LIL Project Finance Agreement;

"**Partnership Distribution Reserve Account**" has the meaning ascribed thereto in Section 4.5 of the LIL Project Finance Agreement;

"**Partnership Insurance Reserve Account**" has the meaning ascribed thereto in Section 4.6 of the LIL Project Finance Agreement;

"**Partnership Project Accounts**" refers collectively to the Partnership Project Funding Account, the Partnership Project Operating Account, the DSRA, the Prepaid Rent Reserve Account, the Partnership Distribution Reserve Account, the Partnership Demobilization Costs Account, the Partnership Punch List Costs Account and the Partnership Insurance Reserve Account;

"**Partnership Project Funding Account**" has the meaning ascribed thereto in Section 4.1 of the LIL Project Finance Agreement;

**"Partnership Project Operating Account"** has the meaning ascribed thereto in Section 4.2 of the LIL Project Finance Agreement;

**"Partnership Punch List Costs Account"** has the meaning ascribed thereto in Section 4.6 of the LIL Project Finance Agreement;

**"Partnership Step-In Agreement"** means the step-in agreement relating to the Partnership in the form attached as Schedule [REDACTED]5[REDACTED] to the LIL Assets Agreement;

**"Paying Agent"** means any bank or trust company or other Person designated as a paying agent for a Series of FV Bonds in any Supplemental Indenture and its successors or permitted assigns, or its successor appointed in the manner provided in the MTI or in such Supplemental Indenture;

**"PDMA"** means, collectively, (i) the amended and restated project development and management agreement dated as of [REDACTED], entered into between [REDACTED]the Partnership, Opco and Devco[REDACTED], and (ii) the project coordination and interface agreement dated as of [REDACTED], entered into among the Partnership, Opco, Devco, Muskrat and Labrador Transco;

**"Pension Plan"** means any plan, program, arrangement or understanding that provides pension or retirement benefits (whether or not registered under any applicable pension benefits or Tax Laws in Canada), including post-retirement employee benefits, which is maintained or contributed to (or to which there is or may be an obligation to contribute) by a Credit Party in respect of any individual's employment with such Credit Party in Canada or a province or territory thereof;

**"Performance Testing"** means [REDACTED];

[NOTE TO DRAFT: Nalcor to provide a definition of Performance Testing.]

**"Permitted Encumbrances"** means, with respect to any Obligor, as at any time, any one or more of the following:

- (cvii) Statutory Prior Liens; provided that, the Statutory Prior Claims secured thereby are not yet delinquent (taking into account any relevant grace periods);
- (cviii) liens for assessments or governmental charges or levies which are not delinquent (taking into account any relevant grace periods) or, if overdue, the validity or amount of which is being contested diligently and in good faith by appropriate proceedings and in respect of which adequate reserves in accordance with GAAP have been recorded on the balance sheet of such Person;
- (cix) construction, mechanics', carriers, warehousemen's, storage, repairers' and materialmen's Liens but only if the obligations secured by such Liens are not due and delinquent and no Lien has been registered against title to any Assets of such Person or if a Lien has been registered, same is being defended diligently and in good faith by appropriate proceedings and in

respect of which adequate reserves in accordance with GAAP have been recorded on the balance sheet of such Person;

- (cx) easements, encroachments, rights of way, servitudes, licences, reservations, covenants, restrictive covenants or other similar rights in land granted to or reserved by other Persons, rights of way for sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties, which easements, encroachments, rights of way, servitudes, licences, reservations, covenants, restrictive covenants, other similar rights and restrictions do not, in the aggregate, materially impair the conduct of the business of such Person;
- (cxi) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown in right of Canada or any province or territory thereof;
- (cxii) title defects or irregularities which are of a minor nature and which do not in the aggregate materially detract from the value of the assets of such Person encumbered thereby or materially interfere with the use thereof in the operation of the business of such Person;
- (cxiii) Liens, charges or other security interests given to a public utility or any Governmental Authority when required by such utility or other authority; provided that, such Liens do not in the aggregate materially detract from the value of the assets of such Person, or materially interfere with the use thereof in the operation of the business of such Person;
- (cxiv) servicing agreements, development agreements, site plan agreements, facilities sharing agreements, cost sharing agreements and other similar agreements with Governmental Authorities pertaining to the use or development of any of the assets of such Person; provided that, same have been, are, and continue to be complied with in all material respects, including any obligations to deliver letters of credit and other security as required;
- (cxv) applicable municipal and other governmental restrictions, including municipal by-laws and regulations, affecting the use of land or the nature of any structures which may be erected thereon; provided that, such restrictions have been, are, and continue to be complied with;
- (cxvi) Liens arising from court or arbitral proceedings; provided that, the claims secured thereby are being contested diligently and in good faith by such Person, execution thereon has been stayed and continues to be stayed and such Liens do not, in the aggregate, impair the use of any assets of such Person in the conduct of business;

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- (cxvii) deposits of cash securities in connection with any appeal, review or contestation of any security or Lien, or any matter giving rise to any security or Lien, described in paragraph 1.1(x) above;
- (cxviii) any agreement or arrangement pursuant to which such Person pledges cash to any insurer, guarantor or third party contractor, made in the ordinary course of business to secure the performance of bids, tenders, contracts (other than contracts of debt), leases, customs duties and other similar obligations;
- (cxix) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of combination of accounts or similar rights in the ordinary course of conducting day-to-day banking business in relation to deposit accounts or other funds maintained with a creditor depository institution (collectively, "**Banker's Liens**"); provided that, such Banker's Liens (a) do not relate to any deposit account that is a dedicated cash collateral account which is subject to restrictions against access by the depositor or account holder, (b) do not relate to any deposit account intended by the depositor or account holder to provide collateral to the depository institution, and (c) in respect of the Partnership only, are not intended directly or indirectly to secure the payment or performance of Indebtedness or any other obligation other than Additional Debt;
- (cxx) in respect of any Credit Party only, any Lien in favour or for the benefit of the Intermediary Trust, [<■>the LIL Hedge Providers<■>], the Collateral Agent or the LIL Security Trustee securing the LIL Secured Obligations;
- (cxxi) in respect of the Intermediary Trust only, any Lien in favour or for the benefit of the Funding Vehicle, [<■>the IT Hedge Providers<■>], the Collateral Agent or the IT Security Trustee securing the IT Secured Obligations;
- (cxxii) in respect of any Credit Party only, any Lien securing Purchase Money Obligations permitted to be outstanding under subsection 8.2.5 of the LIL Project Finance Agreement; provided that, each such Lien only affects the property with respect to which the Purchase Money Obligation it secures was incurred;
- (cxxiii) in respect of the Partnership only, Liens securing Additional Debt permitted to be outstanding under subsection 8.2.6 of the LIL Project Finance Agreement;
- (cxxiv) exceptions and qualifications in Section <■> of the *Lands Act* (NL);
- (cxxv) in the case of the Partnership following the coming into effect of the LIL Lease, the LIL Lease; and

(cxxvi) in respect of any Credit Party only, any Lien in favour or for the benefit of the Intermediary Trust and the Collateral Agent securing the IT Secured Obligations;

**[NOTE TO DRAFT: We will need to include the subordinated security to be granted to NLH, the Partnership and Opco under the TFA, the Lease and the LIL Remedies Agreement.]**

"**Permitted Investments**" means book based securities, negotiable instruments, investments or securities that evidence:

(cxxvii) obligations issued or fully guaranteed by the Government of Canada;

(cxxviii) obligations issued or fully guaranteed by any Province of Canada which has a long term debt rating of "A+" or better by S&P, "A (high)" or better by DBRS or "A1" or better by Moody's, and has such rating from at least two of the Rating Agencies;

(cxxix) demand deposits of depository institutions, term deposits of depository institutions or certificates of deposit of depository institutions, in each case where any such depository institution is either (a) one of the five largest (by assets) Canadian Schedule I Banks or (b) is a depository institution that has a combined capital and surplus of at least CDN\$1 billion, has a short term debt rating of "A 1+" or better by S&P or "R1 (mid)" or better by DBRS and is regulated by the Office of the Superintendent of Financial Institutions (Canada);

(cxxx) deposits with and notes or bankers' acceptances issued or accepted by any depository institution described in 1.1(iii) above;

(cxxxii) money market funds which have a rating of "AAA m" or "AAA mg" or better by S&P or "R1 (mid)" or better by DBRS or have otherwise been approved in writing by the Collateral Agent; and

(cxxxii) any other investments approved in writing by the Collateral Agent;

"**Person**" means an individual, corporation, estate, partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Authority;

"**PPA**" means the power purchase agreement to be entered into between NLH and Muskrat relating, among other things, to the sale and delivery of energy from the MF Plant;

"**PPSA**" means the *Personal Property Security Act* (NL);

"**Prepaid Rent**" shall have, for purposes of any reference thereto in connection with any period of time occurring during the Construction Period, the meaning ascribed thereto in the LIL Assets



Agreement, and, for purposes of any reference thereto in connection with any period of time occurring during the Operating Period, the meaning ascribed thereto in the LIL Lease;

**"Prepaid Rent Reserve Account"** has the meaning ascribed thereto in Section 4.4 of the LIL Project Finance Agreement;

**"Principal Indemnity Claims"** has the meaning ascribed to it from time to time in Section [5.16] of the Collateral Agency Agreement;

**"Principal Indemnified Parties"** means the GAA Finance Parties, the Obligors and their respective Affiliates, directors, officers, employees, advisors, representatives and agents;

**"Proceeding"** means any action, suit, inquiry, investigation, arbitration or dispute settlement procedure, or any court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal);

**"Proceeds of Realization"** refers to any and all monies received, collected, generated or that arose from the exercise of any Rights, Remedies and/or Recourses including any monies involved in any operation of set-off;

**"Project"** means the equipment and facilities comprising a HVdc transmission line, and all related components including converter stations, synchronous condensers, and terminal, telecommunications and switchyard equipment, constructed between the LTA and the Island Interconnected System including:

- (cxxxiii) foundations, underground services, subsea services, roads, buildings, erections and structures, whether temporary or permanent;
- (cxxxiv) all other facilities, fixtures, appurtenances and tangible personal property including inventories of any nature whatsoever contained on or attaching to the transmission lines; and
- (cxxxv) all mechanical, electrical and other systems and other technology installed under or upon any of the foregoing;

all real or personal property leased or owned by the Partnership and used in connection with such HVdc transmission line, all to be constructed in accordance with the LIL Project Description;

**"Project Budget"** refers to the budget of Project Costs set forth in Schedule "[redacted]" of the LIL Project Finance Agreement;

**"Project Costs"** means collectively, without duplication, the Hard Costs and the Soft Cost and all other costs, fees and expenses relating to the development, construction and closing of financing of the Project, including the capital costs of any structures, and all financial, legal and consulting fees, costs and expenses, including any bonus payable to any Material Project Participant under any Material Project Document and the fees, costs and expenses forming part of the Various Agent Costs and Expenses, the Canada Project Costs and Expenses, the Funding Vehicle Project Costs and Expenses and the Intermediary Trust Project Costs and Expenses, all

as described in the Project Budget, whether such Project Costs are incurred by Nalcor prior to the Closing Date or by the Partnership at any time

"**Project Finance Documents**" refers collectively to the IT Project Finance Documents and the LIL Project Finance Documents;

"**Project Financing Duties**" means the IT Project Financing Duties and the LIL Project Financing Duties;

"**Project Financing Duty Requirement**" has the meaning ascribed to it from time to time in Section [4.2] of the Collateral Agency Agreement;

"**Project Plans**" refers collectively to the plans, specifications and drawings attached as schedules, appendices, annexes or exhibits to the [4.2], as amended in accordance with the provisions of Section [4.2] of the LIL Project Finance Agreement;

"**Project Schedule**" means the schedule for construction and Commissioning of the Project as set forth in Schedule "[4.2]" of the LIL Project Finance Agreement;

"**Prospective Debt Service Coverage Ratio**" or "**Prospective DSCR**" means, as at any date of calculation thereof, the Base Cash Flow of the Partnership for the period of twelve (12) calendar months immediately following the date of calculation, divided by:

(cxxxvi) where the calculation is being made for the purposes of subsection 8.2.6 of the LIL Project Finance Agreement in connection with any determination of whether the Partnership may incur Additional Debt, Total Debt Service for the same period, calculated on a rolling basis and including therein the Additional Debt proposed to be incurred as if such Additional Debt had been incurred on the first day of such period; and

(cxxxvii) where the calculation is being made for any other purpose, Total Debt Service for such period;

[NOTE TO DRAFT: In regard to the exclusion of the loan repayment to be made at maturity of the loans, please see the adjustments made to the definition of "Total Debt Service".]

"**Provincial Environmental Assessment**" means [4.2];

"**Punch List Costs**" means the costs required to complete work on all Punch List Items;

"**Punch List Costs Drawdown**" means the single LIL Drawdown under the LIL Construction Facility to be made pursuant to the provisions of Section 3.3 of the LIL Project Finance Agreement, in an amount equal to the amount calculated pursuant to paragraph [(xii)] of the definition of "Final Funding Request" with respect to the Funding Requirements relating to the Punch List Costs, the whole subject to the LIL Available LIL Construction Facility at such time;

"**Punch List Items**" has the meaning ascribed to it in Section 6.20 of the LIL Project Finance Agreement;

"**Purchase Money Obligation**" means, with respect to any Person, any indebtedness assumed as part of, or issued or incurred in respect of, the cost of acquisition, including by way of conditional sales contract or leasing by way of a Capital Lease of any property (including shares of Capital Stock) or of the cost of construction, improvement or extension of any property acquired, constructed, improved or extended or leased by way of a Capital Lease, which indebtedness existed at the time of acquisition, construction, improvement or extension or was created, issued, incurred, assumed or Guaranteed contemporaneously with the acquisition, construction, improvement or extension or leasing by way of a Capital Lease or within ninety (90) days after the Commissioning thereof and includes any extension, renewal or refinancing of any such indebtedness if the amount thereof outstanding on the date of such extension, renewal or refinancing is not increased, it being expressly understood that Purchase Money Obligation shall not include any trade payables incurred in the ordinary course of business and for the purpose of carrying on same or any Indebtedness incurred in connection with any Sale and Leaseback Transaction;

"**Rating Agency**" means any of S&P, Moody's and DBRS and its respective successors or, if such rating agencies or their successors do not remain in operation in Canada, such nationally recognized statistical rating agency or other comparable Person designated by the Partnership;

"**Realization Costs**" refers collectively to:

- (cxxxviii) all costs and expenses incident to the exercise of Rights, Remedies and/or Recourses including reasonable fees and out-of-pocket expenses of counsel, accountants and other professionals, escrow fees, recording fees, broker's fees, any fees, costs and expenses incurred in connection with any sale or foreclosure of any property or asset, and all applicable transfer taxes that may be imposed by reason of any such sale or foreclosure and the delivery of any and all instruments in connection therewith;
- (cxxxix) any claim or debt, in principal, interest, fees and other amounts which, notwithstanding the provisions of any Project Finance Document, by Law is payable by preference over the LIL Secured Obligations or the IT Secured Obligations, as the case may be; and
- (cxl) the fees, costs and expenses of the [ <■>Funding Vehicle<■> ], the Collateral Agent and the Intermediary Trust exercising Rights, Remedies and/or Recourses, including any indemnity paid to any thereof;

"**Registration**" means any notice to or filing, publication, recording or registration with any Governmental Authority having jurisdiction with respect to any specified Person, transaction or event, or any of such Person's Assets;

"**Release**" shall mean (i) when used as a verb, release, spill, leak, emit, deposit, discharge, leach, migrate, dump, issue, empty, place, seep, exhaust, abandon, bury, incinerate or dispose into the environment and (ii) when used as a noun, has a correlative meaning;

"**Remedies Consultation Period**" has the meaning ascribed to it in Section 10.1 of the LIL Project Finance Agreement;

"**Rent**" has the meaning ascribed thereto in the LIL Lease; **[NOTE TO DRAFT: The foregoing definition may require adjustment to more closely reflect the definition of "Prepaid Rent".]**

"**Repair Conditions**" means, in respect of any event giving rise to any insurance proceeds:

- (cxli) no LIL Event of Default has occurred and is continuing other than a LIL Event of Default resulting solely from such damage or destruction;
- (cxlii) the Partnership and the Independent Engineer certify, and the Collateral Agent determines in its judgment, that repair or restoration of the Project is technically and economically feasible and that a sufficient amount of funds is or will be available to the Partnership to make such repairs and restorations;
- (cxliii) the Collateral Agent determines that after repair and restoration the Project will be able to continue to service the [LIL Loans] and pay all other amounts due to the Intermediary Trust by the Partnership under the LIL Project Finance Agreement, as and when due; and
- (cxliv) no material Authorization is necessary to proceed with the repair and restoration and no material amendment to the LIL Project Finance Agreement or any of the LIL Project Finance Documents and no other instrument, is necessary for the purpose of effecting the repairs or restorations or subjecting the repairs or restorations to the Liens of the LIL Security Documents or, if any such amendment or instrument is necessary, the Partnership will be able to obtain same as and when required;

"**Replacement Obligor**" means, with respect to any Person party to a Material Project Document (other than the Partnership or Opco), any other Person satisfactory to the Collateral Agent, who, pursuant to any definitive agreement or definitive guarantee satisfactory to the Collateral Agent, assumes the obligations of such first Person or enters into a new contract on terms and conditions no less favourable to the Partnership and Opco, as the case may be, than those which such first Person being replaced is obligated to provide pursuant to the applicable Material Project Document;

"**Required Base Equity Contribution Date**" has the meaning ascribed to it in subsection 2.3.1 of the ESA;

"**Required Contingency Equity Contribution Date**" has the meaning ascribed to it in subsection 2.4.1 of the ESA;

"**Required Contribution Date**" as the context requires, refers to any one of the Required Base Equity Contribution Date, Required Contingency Equity Contribution Date and Required DSRA Equity Contribution Date;

"**Required DSRA Equity Contribution Date**" has the meaning ascribed to it in subsection 2.5.1 of the ESA;

"**Requisite Instructions**" has the meaning ascribed to it from time to time in Section [4.3] of the Collateral Agency Agreement;

"**Responsible Officer**" means [the president, the chief executive officer, the chief financial officer, the vice-president or the treasurer of such Person]; provided that, with respect to the Project, it shall mean any of the foregoing officers of such Person or such other person duly authorized by resolution from time to time to execute any document relating to the Project, including [ ]; [NOTE TO DRAFT: To be confirmed.]

"**Retrospective Debt Service Coverage Ratio**" or "**Retrospective DSCR**" means, as at any date of calculation thereof, the Base Cash Flow of the Partnership for the period of the then most recently completed twelve (12) calendar months divided by Total Debt Service for the same period, calculated on a rolling basis. When calculating the Retrospective DSCR prior to the completion of twelve (12) full calendar months commencing after the Commissioning Date, the completed months that commenced after such date and ended on or prior to the date of calculation are to be taken into account and the Retrospective DSCR will be calculated on [an annualized basis] with such months; [NOTE TO DRAFT: To be confirmed]

"**Rights, Remedies and/or Recourses**" with respect to any Person, refers to any personal action, provisional measure, any other real or personal right, whether same is exercised under the terms of any security or any other recourse whatsoever and including:

- (cxliv) the right to accelerate any Indebtedness owed to such Person or to demand payment of any Indebtedness payable on demand or to demand payment under any Guarantee;
- (cxlvi) the right to institute or prosecute any litigation;
- (cxlvii) the right to set-off;
- (cxlviii) the right to initiate or prosecute Insolvency Proceedings or Enforcement Proceedings; and
- (cxlix) the exercise of the rights of a creditor under any Insolvency Proceeding.

"**S&P**" means Standard & Poor's Rating Service and its successors;

"**Sale and Leaseback Transaction**" means, with respect to any Person, any transaction or series of transactions whereby such Person sells, transfers or otherwise disposes of any of its Assets to another Person and within one (1) year of such sale, transfer or other disposition such Person leases or rents, as lessee, the same Assets under a lease, the term of which (including the initial term and any period for which the lease may be renewed or extended) exceeds two (2) years;

"**Sales Taxes**" means sales, transfer, turnover or value added taxes of any nature or kind, including the HST and federal, state and provincial sales and excise taxes;

"**Security**" means all security, evidenced by the documents referred to in Article 2 held from time to time by or on behalf of the Collateral Agent, securing or intended to secure repayment of the Secured Obligations;

"**Security Documents**" refers collectively to the GAA Security Documents, the IT Security Documents and the LIL Security Documents;

"**Security Trustee**" means <█>, a trust company, in its capacity as security trustee under certain Security Documents;

"**Series**" or "**Series of FV Bonds**" means all of the FV Bonds issued pursuant to or governed by a Supplemental Indenture and designated as a Series therein;

"**Service Life**" has the meaning ascribed to it from time to time in the TFA;

"**Soft Costs**" means all of the financing, administrative and other similar costs identified in the Project Budget, including, without duplication:

- (cl) interest payable on any <█>LIL Loans<█> or Additional Debt and financing-related fees and costs, in each case incurred in connection with the LIL Loans or Additional Debt, provided, however, that, if the [<█>amortization<█>] of the LIL Loans has commenced prior to the Commissioning Date, any instalment in principal payable in connection with the LIL Loans, excluding, however, any accelerated amount of principal [<█>save and except in the circumstances contemplated in Section <█> of the LIL Remedies Agreement<█>];
- (cli) all general and administrative costs of the Partnership attributable to the Project;
- (clii) all principal, interest, financing fees and related costs incurred in connection with Purchase Money Obligations and Capital Leases, in each case incurred in connection with the Project; [<█>and to the extent that the amortization period has commenced prior to the Commissioning Date and to the extent that any instalments of principal become payable during such period, then each such instalment as it becomes due, but only up to and excluding the Commissioning Date;<█>]
- (cliii) the cost of funding the DSRA with the then applicable Minimum DSRA Requirement, by the Commissioning Date; and
- (cliv) [<█>all normal course payments and realized termination amounts or other breakage costs due and payable in connection with any LIL Hedge Contracts;<█>]

"**Statutory Easement**" has the meaning attributed to it by, and grants to a Holder the rights set forth in, the *Muskrat Falls Project Land Use and Expropriation Act* (NL) and in the LIL Project Finance Agreement includes, for certainty, any property or assets located upon, constructed,

erected or affixed to the land encumbered by a Statutory Easement by or on behalf of the Holder of it;

"**Statutory Prior Claims**" relative to any Person, means, claims for unpaid wages, vacation pay, worker's compensation, unemployment insurance premiums, pension plan contributions, employee or non-resident withholding Tax, unremitted Sales Taxes (net of applicable input tax credits, in the case of goods and services, value-added and similar taxes), customs duties, realty taxes (including utility charges and business taxes which are collectable like realty taxes) or similar statutory obligations secured by a Lien on such Person's Assets;

"**Statutory Prior Liens**" means the Liens securing Statutory Prior Claims;

"**Subsidiary**" means, with respect to any Person, any Person (i) which is Controlled, directly or indirectly by such first Person or (ii) a majority of whose Voting Capital Stock, on a fully diluted basis, is owned directly or indirectly, beneficially or otherwise, by such first Person;

"**Supplemental Indenture**" means an indenture supplemental to the MTI entered into by the Funding Vehicle and the Indenture Trustee in accordance with the terms of Section 10.1 of the MTI;

"**Sustaining Activities**" has the meaning ascribed to it from time to time in the LIL Lease;

"**Sustaining Costs**" has the meaning ascribed to it from time to time in the LIL Lease;

"**Tax**" or "**Taxes**" means any tax, fee, levy, rental, duty, charge, royalty or similar charge including, for greater certainty, any federal, state, provincial, municipal, local, aboriginal, foreign or any other assessment, governmental charge, imposition or tariff (other than tariff charges) wherever imposed, assessed or collected, and whether based on or measured by gross receipts, income, profits, sales, use and occupation or otherwise, and including any income tax, capital gains tax, payroll tax, fuel tax, capital tax, Sales Taxes, value added tax, sales tax, withholding tax, property tax, business tax, ad valorem tax, transfer tax, franchise tax or excise tax, together with all interest, penalties, fines or additions imposed, assessed or collected with respect to any such amounts;

"**Termination Date**" means the date that Commissioning is achieved under the LIL Project Finance Documents; [NOTE TO DRAFT: Canada to comment following receipt and review of Revenue Agreements]

"**TFA**" means an agreement to be entered into among NLH, Opco and the Partnership relating, among other things, to the recovery from NLH of costs of the Project incurred by Opco and the Partnership;

"**TFA Payment**" has the meaning ascribed to it from time to time in the TFA;

"**Total Debt Service**" means, for the Partnership, for any period, all interest and fee payments and scheduled principal payments required to be made on [<■>the LIL Loans<■>] and on all Additional Debt of the Partnership [NOTE TO DRAFT: If sinking funds are established reference to sinking fund payments will need to be made.], [<■>together with the net amount

of any ordinary course payment or receipts for (but not, for greater certainty, payments or receipts in respect of terminations of) LIL Hedge Contracts applicable to such period, [REDACTED] provided, however, that:

- (clv) if any such Additional Debt is only repayable in its entirety at maturity, the amount of Deemed Principal Repayments for such period shall be included in Total Debt Service; and
- (clvi) for purposes of [REDACTED] of the Prospective Debt Service Coverage Ratio, where the prospective period includes the last 6 months immediately prior to maturity of the LIL Loans, there shall be excluded from the calculation of Total Debt Service the outstanding principal amount of the LIL Loans payable on such maturity date; [NOTE TO DRAFT: To be confirmed.]

**[NOTE TO DRAFT: If we have sequential bond issuances with synthetic amortizations, the foregoing definition will be adjusted so as to include the sinking fund obligations in the DSCR and the DSRA, but so as to exclude the individual bullet payments from the DSCR and the DSRA.]**

**"Trust Certificate"** means, in respect of the Funding Vehicle, a certificate in writing signed by any officer of the Issuer Trustee and conforming *mutatis mutandis* to Section 16.17 of the MTI;

**"Underlying Pledge Bond Documents"** means, collectively, all agreements, deeds, instruments and documents evidencing Indebtedness secured under any FV Pledge of a FV Pledge Bond;

**"Underwriting Agreement"** means the [REDACTED] underwriting agreement [REDACTED] dated [REDACTED], 2013 entered into between the Lead Arranger and the Funding Vehicle;

**"Various Agent Costs and Expenses"** means (i) the reasonable fees, costs and expenses due and payable, as well as any indemnity obligations due and payable, by the Partnership or Opco to the Collateral Agent, the Intermediary Trust or the LIL Security Trustee pursuant to the LIL Project Finance Documents, (ii) the reasonable fees, costs and expenses due and payable, as well as any indemnity obligations due and payable, by the Intermediary Trust to the Collateral Agent, Funding Vehicle or the IT Security Trustee pursuant to the IT Project Finance Documents, and (iii) the fees, costs and expenses due and payable, as well as any indemnity obligations due and payable, by the Funding Vehicle to the Issuer Trustee, the Collateral Agent, the Administrator, the Lead Arranger, the Indenture Trustee or the Fiscal Agent pursuant to the Funding Transaction Documents (including, in each case, the financial, legal and consulting fees, costs and expenses), provided, however, that such fees, costs and expenses in respect of the Lead Arranger shall be limited to the fees, costs and expenses incurred from the acceptance by the Funding Vehicle of the commitment letter executed as of [REDACTED] in connection with the financing contemplated in the Funding Transaction Documents until the Closing Date;

**"Voting Capital Stock"** means Capital Stock of a Person which carries voting rights or the right to Control such Person generally provided that Capital Stock which carries the right to vote or Control conditionally upon the happening of an event shall not be considered Voting Capital Stock until the occurrence of such event and then only during the continuance of such event;



"Written Order", "Written Request, Written Direction" and "Written Consent" of the Funding Vehicle will mean a written order, request or consent signed in the name of the Funding Vehicle by a senior officer of the Issuer Trustee;

### 3.2 Recitals

The recitals of this Agreement shall form an integral part hereof, as if at length recited herein.

### 3.3 Headings, etc

The division of this Agreement into recitals, Articles, Sections, subsections, Schedules, paragraphs, subparagraphs and clauses and the insertion of headings and titles are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "Master Definitions Agreement", "this Master Definitions Agreement", "this Agreement", "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any particular recital, Article, Section, subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

### 3.4 Severability

If any provision of this Agreement is determined pursuant to a final judgment to be invalid, illegal or unenforceable in any jurisdiction, the parties hereto agree to the fullest extent they may effectively do so that (i) the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and (ii) the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby. The parties hereto shall change this Agreement to replace any invalid or unenforceable provision contained in this Agreement with a valid and enforceable provision which has the commercial effect as close as possible to that of the invalid and unenforceable provision, to the extent permitted by Applicable Law.

### 3.5 Governing Law

This Agreement will be construed in accordance with the Laws of NL and the federal Laws of Canada applicable therein and will be treated in all respects as a NL contract. All Proceedings arising hereunder shall be determined exclusively by a court of competent jurisdiction in NL, subject to any right of appeal to the Supreme Court of Canada and the parties hereby attorn to the jurisdiction of such courts.

### 3.6 Schedules

The following are the Schedules attached to this Agreement and deemed to be part hereof:

Schedule "A"                      Definitions

### 3.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

### 3.8 Extended Meanings

In each Project Finance Document and Guarantee Transaction Document, unless a clear contrary intention appears, the following words and expressions shall be given the extended meanings set out opposite them:

- 3.8.1 "**asset**" means any undertaking, business, property (real, personal or mixed, tangible or intangible) or other asset;
- 3.8.2 "**cancel**" means cancel, surrender, repudiate, disclaim, terminate or suspend;
- 3.8.3 "**change**" means change, modify, alter, amend, supplement, restate, extend, renew, compromise, novate, replace, terminate, release, discharge, cancel, suspend or waive;
- 3.8.4 "**claim**" means claim, claim over, cross-claim, counter-claim, defence, demand, liability, proceeding, judgment, order or award of any court, other Governmental Authority, arbitrator or other alternative dispute resolution authority;
- 3.8.5 "**final judgment**" means a judgment, order, declaration or award of a court, other Governmental Authority, arbitrator or other alternative dispute resolution authority of competent jurisdiction from which no appeal may be made or from which all rights of appeal have expired or been exhausted;
- 3.8.6 "**include**" means include without limitation, and such term shall not be construed to limit any word or statement which it follows to the specific items or matters immediately following it or similar terms or matters;
- 3.8.7 "**losses and expenses**" means losses, costs, expenses, damages, penalties and judgments and awards of any court or other Governmental Authority, arbitrator, mediator or other alternative dispute resolution authority, including any applicable awarded costs, and legal fees and disbursements on a full indemnity basis;
- 3.8.8 "**paid in full**" and "**repaid in full**" in relation to any payment obligation owing to any person (in this Section 1.8.8, the "**obligee**") - permanent, indefeasible and irrevocable payment in cash (or other freely available funds transfer as may be expressly provided for in the applicable document creating or evidencing such payment obligation) to the applicable obligee in full of such payment obligation in accordance with the express provisions of the applicable document creating or evidencing such payment obligation, without regard to any compromise, reduction or disallowance of all or any item or part thereof by virtue of the application of any bankruptcy, insolvency, fraudulent conveyance, assignment, preference or other similar such laws, any law affecting creditors' rights generally or general principles of equity, and, if applicable, the cancellation or expiry of any commitment of the obligee to lend or otherwise extend credit;

- 3.8.9 **"receiver"** means a privately appointed or court appointed receiver or receiver and manager, interim receiver, liquidator, trustee in bankruptcy, administrator, administrative receiver and any other like or similar official;
- 3.8.10 **"rights"** means rights, titles, benefits, interests, powers, authorities, discretions, privileges, immunities and remedies (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise;
- 3.8.11 **"set-off"** means any right or obligation of set-off, compensation, offset, combination of accounts, netting, retention, withholding, reduction, abatement, deduction, counter-claim, cross-claim or any similar right or obligation, or (as the context requires) any exercise of any such right or performance of such obligation; and
- 3.8.12 **"written"** and **"in writing"** shall be construed as an original writing, a pdf or facsimile copy of a writing or an e-mail.

### 3.9 **References to Agreements**

Each reference in each Project Finance Document and Guarantee Transaction Document to any agreement (including this Agreement and any other defined term that is an agreement) shall be construed so as to include such agreement (including all attached schedules, appendices and exhibits) and each change made to it at or before the time in question.

### 3.10 **References to Statutes**

Each reference in each Project Finance Document and Guarantee Transaction Document to any code, statute, regulation, official interpretation, directive or other legislative enactment of any Canadian or foreign jurisdiction (including any political subdivision thereof) shall be construed so as to include such code, statute, regulation, official interpretation, directive or enactment and each amendment, reenactment, reissuance or replacement thereof made at or before the time in question.

### 3.11 **Grammatical Variations**

In each Project Finance Document and Guarantee Transaction Document, unless a clear contrary intention appears, (i) words and expressions (including words and expressions (capitalized or not) defined, given extended meanings or incorporated by reference therein) in the singular include the plural and vice versa (the necessary changes being made to fit the context), (ii) words in one gender include all genders and (iii) grammatical variations of words and expressions (capitalized or not) which are defined, given extended meanings or incorporated by reference therein shall be construed in like manner.

### 3.12 **Non-Business Days**

Whenever any payment to be made under a Project Finance Document or Guarantee Transaction Document is required to be made or any other action to be taken thereunder is required to be

taken on a day other than a Business Day, such payment will be made or such other action will be taken on the next following Business Day. Any payment made after 1:00 p.m. (St. John's, NL standard time) on a Business Day will be deemed to be made on the next following Business Day.

### 3.13 Computation of Time Periods

In each Project Finance Document and Guarantee Transaction Document, with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" mean "to but excluding".

### 3.14 Accounting Terms; GAAP

3.14.1 Unless a clear contrary intention appears in a Project Finance Document or Guarantee Transaction Document, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time. All calculations for the purposes of determining compliance with any financial ratios and financial covenants contained in any Project Finance Document or Guarantee Transaction Document shall be made on a basis consistent with GAAP in existence [] as at the date of this Agreement and used in the preparation of the Financial Statements of the Partnership []. Any financial ratios required to be maintained by the Partnership pursuant to any Project Finance Document or Guarantee Transaction Document shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in any Project Finance Document or Guarantee Transaction Document and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed therein.

3.14.2 The parties hereto agree that if at any time there is a material change to GAAP, then the [] Partnership and Canada [] shall use commercially reasonable efforts to negotiate in good faith amendments to the provisions of the applicable Project Finance Document or Guarantee Transaction Document, as the case may be, that are affected by such material change with the intent of having the respective positions of [] Partnership and Canada [] after such material change conform as nearly as possible to their respective positions immediately prior to the implementation of such material change; provided, however, that until any such amendments shall have been agreed upon, the terms, conditions and undertakings of the applicable Project Finance Document or Guarantee Transaction Document shall be interpreted and applied as if such material change did not apply to the Partnership and the accounting principles applicable to the Partnership immediately prior to the implementation of such material change shall continue to apply to the Partnership for the purpose of determining if the Partnership complies with the financial covenants of the applicable Project Finance Document or

Guarantee Transaction Document and the Partnership shall continue to provide Financial Statements under the applicable Project Finance Document or Guarantee Transaction Document prepared in accordance with such accounting principles.

## ARTICLE 4

### MISCELLANEOUS

#### 4.1 Amendments

This Agreement may be changed from time to time by all of the parties hereto.

#### 4.2 Provision Regarding Liability of Issuer Trustee

The Issuer Trustee has entered into this Agreement in its capacity as trustee of the Funding Vehicle. Any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Assets of the Funding Vehicle. No Assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Funding Vehicle or the Issuer Trustee under this Agreement or any of the other documents accessory hereto. No recourse may be had or taken, directly or indirectly against the Issuer Trustee in its personal capacity, any beneficiary of the Funding Vehicle or any Affiliate, shareholder, officer, director, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee, with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Funding Vehicle or the Issuer Trustee under this Agreement and the documents accessory hereto.

#### 4.3 Provisions Regarding Liability of IT Trustee

The IT Trustee has entered into this Agreement in its capacity as trustee of the Intermediary Trust. Any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the IT Trustee herein and therein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the IT Trustee or for the purpose or with the intention of binding the IT Trustee in its personal capacity, but are made and intended for the purpose of binding only the Assets of the Intermediary Trust. No Assets of the IT Trustee, whether owned beneficially by it in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Intermediary Trust or the IT Trustee under this Agreement or any of the documents accessory hereto. No recourse may be had or taken, directly or indirectly against the IT Trustee in its personal capacity, any beneficiary

of the Intermediary Trust or any Affiliate, shareholder, officer, director, employee or agent of the IT Trustee or any predecessor or successor of the IT Trustee, with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Intermediary Trust or the IT Trustee under this Agreement and the documents accessory hereto.

4.4 **Successors and Assigns**

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns, provided that no party hereto shall assign any of its rights or obligations hereunder without the prior written consent of each of the other parties hereto.

4.5 **Further Assurances**

The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

4.6 **Execution in Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**IN WITNESS WHEREOF** the parties have executed this Master Definitions Agreement.

█,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

◀■▶,  
as Lead Arranger

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:



MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**HER MAJESTY THE QUEEN IN  
RIGHT OF CANADA, as represented  
by THE MINISTER OF NATURAL  
RESOURCES,  
as a GAA Finance Party**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**<█>, as Issuer Trustee of LABRADOR  
- ISLAND LINK FUNDING TRUST,  
as a GAA Finance Party**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

<[REDACTED]>, as IT Trustee of  
[<[REDACTED]>LABRADOR - ISLAND LINK  
INTERMEDIARY TRUST<[REDACTED]>],  
as a GAA Finance Party and an Obligor

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**NALCOR ENERGY**, as a Contributing  
Party

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**LABRADOR - ISLAND LINK  
HOLDING CORPORATION,**  
as a Contributing Party

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**HER MAJESTY THE QUEEN IN  
RIGHT OF THE PROVINCE OF  
NEWFOUNDLAND AND  
LABRADOR, as represented by the  
Minister of Finance, as Guarantor of the  
Contributing Parties**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**LABRADOR - ISLAND LINK  
LIMITED PARTNERSHIP, by its  
general partner, LABRADOR -  
ISLAND LINK GENERAL  
PARTNER CORPORATION,  
as an Obligor**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**LABRADOR - ISLAND LINK  
OPERATING CORPORATION,**  
as an Obligor

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:



**Annex E**

**Communications and Consultation Synopsis**

**COMMUNICATIONS PLAN  
Department of Natural Resources**

**Title:** Equity Support Agreements for the Lower Churchill Project’s Federal Loan Guarantee

**Issue:** Whether to approve the Equity Support Agreements between Nalcor Energy and its subsidiaries and the Government of Canada, and to authorize the Minister of Finance to sign separate guarantees for these agreements.

|   |   |   |
|---|---|---|
| <p><b>Consulted with:</b><br/>Department of Natural Resources</p> | <p><b>Date drafted:</b><br/>October 7, 2013</p> | <p><b>Announcement date:</b><br/>Upon financial close</p> |
|---|---|---|

**COMMUNICATIONS ANALYSIS**

**Public Environment**

- On April 23, 2013, the Government of Newfoundland and Labrador issued a ministerial statement in the House of Assembly to announce a Triple A Rating for the financing of the Muskrat Falls project by credit agency Moody’s Investors Services. Liberal Leader Dwight Ball and NDP Leader Lorraine Michael questioned the security of the federal loan guarantee and reiterated that it is dependent on first meeting the conditions outlined in the term sheet. Liberal Leader Dwight Ball also stated that the federal loan guarantee does not protect residents from cost overruns or increasing electricity rates.
- On May 27, 2013, the Government of Newfoundland and Labrador issued a news release to announce the launch of the Request for Financing process for the Muskrat Falls Project. As stated by the Honourable Kathy Dunderdale, Premier of Newfoundland and Labrador, “the assignment of a Triple A Rating for the finance-raising process, and the federal loan guarantee are clear signals to prospective lenders that the Muskrat Falls Project is an excellent financing opportunity.”
- Liberal Leader Dwight Ball questioned the status of the federal loan guarantee for the Muskrat Falls Project during the Utility and Review Board (UARB) hearings in Nova Scotia. In a news release dated May 31, 2013, Ball noted that the language in the federal loan guarantee is clear that the Maritime Link to Nova Scotia has to be included in order for the project to benefit from the loan guarantee. “How can the Premier feel confident in Nalcor’s ability to borrow against the loan guarantee when

## MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

there's still so much uncertainty around the financial security of the project?" asked Ball. "With the revelations coming out of UARB hearings in Nova Scotia, it's time for the Premier to publically clarify the status of the federal loan guarantee."

- NDP Leader Lorraine Michael continued to question the increasing number of objections to and questions about the feasibility of the Maritime Link which in turn raised questions on the federal loan guarantee. "The federal loan guarantee is contingent on Emera building a Maritime link – it has to be a multi-province project," Michael said in a news release dated May 24, 2013. "If Emera decides not to go ahead, one of the four basic requirements for the federal government providing a loan guarantee no longer exists. That would be economically devastating for this province."
- In July 2013, Hydro-Quebec filed a motion against Churchill Falls Labrador Corporation (CFLCo) with the Quebec Superior Court on water management of the Churchill River. Claims were made by the NDP Leader Lorraine Michael that the legal case would impact the faith of financiers in the project and the federal government's willingness to provide a loan guarantee. "Without a full understanding of who controls the flow of the Churchill River and how it will affect Muskrat Falls' ability to generate power, it would be a risky commitment for the taxpayers of Canada," she said in a news release dated August 1, 2013. "And with the current state of provincial-federal relations, the federal government might fear being seen by the government of Quebec as taking sides in an interprovincial dispute before the courts if it underwrites a loan for us."
- Following the conclusion of UARB hearings on the Maritime Link and Hydro-Quebec's court challenge, the members of Energy 2041 held a news conference in St. John's calling for an immediate halt of spending on Muskrat Falls and a full independent review of the project. The group received moderate coverage in local media and Bern Coffey appeared several times on VOCM's Open Line and Backtalk Commentary Shows.
- Liberal Member of Parliament Yvonne Jones appeared several times on VOCM's Open Line, Backtalk, and Nightline Commentary Shows to question the security of the Muskrat Falls Project, benefits to accrue to the people of Labrador, and electricity from the project to address needs on Labrador's South and North coast. She also continues to raise questions on the status of the federal loan guarantee and the project's financial close.

### Strategic Considerations

- The Equity Support Agreements between Nalcor Energy, the subsidiaries responsible for each aspect of the Muskrat Falls project, and the Government of Canada is contingent on an equity investment by the Provincial Government. Both Opposition Parties have voiced concerns about equity investments being made in resource projects, and the potential risk to taxpayers. If the agreements are publicly released, it

## MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

is possible that the Provincial Government will be criticized for “gambling” with taxpayers’ money.

- The separate Guarantees for the Equity Support Agreements will be signed by the Provincial Government. It is implicit that the province would be responsible for compensation to the Government of Canada for liabilities for the full term of the federal loan guarantee. This is approximately 40 or more years following commissioning of the project. If the separate Guarantees are publicly released, it is possible that both Opposition Parties may criticize the Provincial Government for signing an agreement that politically “ties the hands” of future governments over the next 40 or more years.
- The separate Guarantees for the Equity Support Agreements confirm compensation to the Government of Canada by the province for liabilities associated with action that could interfere with the ability of the proponents to service the project’s debt. Officials with the Department of Justice have reviewed the agreement and have advised that this is an unlikely liability. The province does not expect to take any action that would negatively impact the project’s revenue pipeline or jeopardize the federal loan guarantee.
- The separate Guarantees for the Equity Support Agreements, like the federal loan guarantee, are irrevocable and absolute. If the separate Guarantees are publicly released, it is possible that both Opposition Parties, as well as media and project opponents, may criticize the Provincial Government for signing an agreement that politically “ties the hands” of future governments over the next 40 or more years.
- The federal loan guarantee term sheet was publicly released in December 2012. The term sheet identifies the conditions that the province must satisfy for financial close. It is likely that Opposition Parties, project opponents and media will call on government for a status update during the fall session of the House of Assembly.
- Both Opposition Parties may continue to raise questions on what the federal loan guarantee, as well as the Equity Support Agreements and the guarantees for these agreements, means for the people of the province. Questions will focus on what the agreement does for Newfoundland and Labrador, and what action the Provincial Government has taken to maximize benefits for the people of the province.
- Opposition Parties, as well as project opponents and media, may continue to raise questions on Emera’s role in the Muskrat Falls Project and the outcome of the Maritime Link. Criticism will be on the security of the federal loan guarantee and Emera’s participation in the project, project outcome if Emera pulls out of the project, and surplus power for Nova Scotia.
- There are other conditions related to the federal loan guarantee that are currently going through the cabinet process. Instead of releasing the contents of each decision in a piecemeal fashion, it is recommended to hold a public announcement at the time of financial close to highlight significant conditions and benefits of the agreement.

## MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

Government may be criticized for announcing the conditions in this way, rather than releasing more details earlier in the fall.

**Target Audiences****Internal**

- Premier's Office
- Executive Council
- Department of Natural Resources
- Department of Finance
- Department of Justice
- Municipal and Intergovernmental Affairs
- MHAs

**External**

- Government of Canada
- Government of Nova Scotia
- Nalcor Energy
- Emera
- Official Opposition and Third Party
- Project opponents
- Local and national media
- Residents

**Consultations**

- No public consultations were required on the Equity Support Agreements and guarantees.

**Communications Objectives**

- If raised publically at this time, to ensure target groups understand the rationale of the agreements and guarantees.

**Communications Objectives**

- To raise awareness regarding the value of the federal loan guarantee to the project, as well as the security and benefits of the federal loan guarantee for the people of the province.
- To ensure a balanced approach is taken in the media regarding the conditions of the federal loan guarantee, such as the signing of the Equity Support Agreements and the guarantees for these new agreements.

## MASTER DEFINITIONS AGREEMENT – SIGNATURE PAGE

**COMMUNICATIONS STRATEGY****Overall Approach**

- It is recommended to hold a public announcement at the time of financial close to highlight significant conditions and benefits of the agreement. The announcement will include representation from Nalcor.

**Key Messages**

- Completion of the federal loan guarantee and debt financing is a significant chapter in the Muskrat Falls story.
- With this now officially in place, the financial future of the project is secured.
- The federal loan guarantee is a significant achievement and will result in a projected one billion dollar savings that will be passed directly onto ratepayers.
- The Equity Support Agreements fulfill a key requirement of the federal loan guarantee and outline the province's equity contribution in the Muskrat Falls project. These agreements support the advancement of the Muskrat Falls Project and help move the project forward in a timely manner.
- The Muskrat Falls project is about the future of energy in Newfoundland and Labrador. It will provide tremendous benefit to our province, the Atlantic region, and Canada as a whole.

**The Announcement (and activities)**

- A news conference will be held at the time of financial close.
- Communications materials would include media advisory, news release and backgrounder, event scenario, speaking notes, key messages, and QAs.
- The announcement will also be publicized through the Provincial Government's twitter account.

**Minister's Involvement**

- It is recommended that the Premier and the Minister of Natural Resources participate in the announcement of the financial close and be available to respond to media inquiries.

**Interdepartmental Coordination**

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- Communications materials will be prepared by the Department of Natural Resources. All materials will be shared with the Department of Finance and the Department of Justice as well as Nalcor.
- Once communications materials are finalized, all materials will be provided to the Premier's Office and Executive Council.

**Briefing of Members of the House of Assembly**

- Members will be briefed as required. High-level key messages on the federal loan guarantee will also be prepared for MHAs.

**Internal Communications**

- N/A

**Follow-up Activities**

- Local and national media stories will be monitored.
- Callers to VOXM's Open Line and Back Talk commentary shows will also be monitored to ascertain opinions from residents and project opponents.
- Any concerns associated with the federal loan guarantee and financial close will be addressed appropriately.
- Consideration will be given to a ministerial statement in the House of Assembly to highlight the positive steps forward in the Muskrat Falls Project.

**Evaluation Criteria**

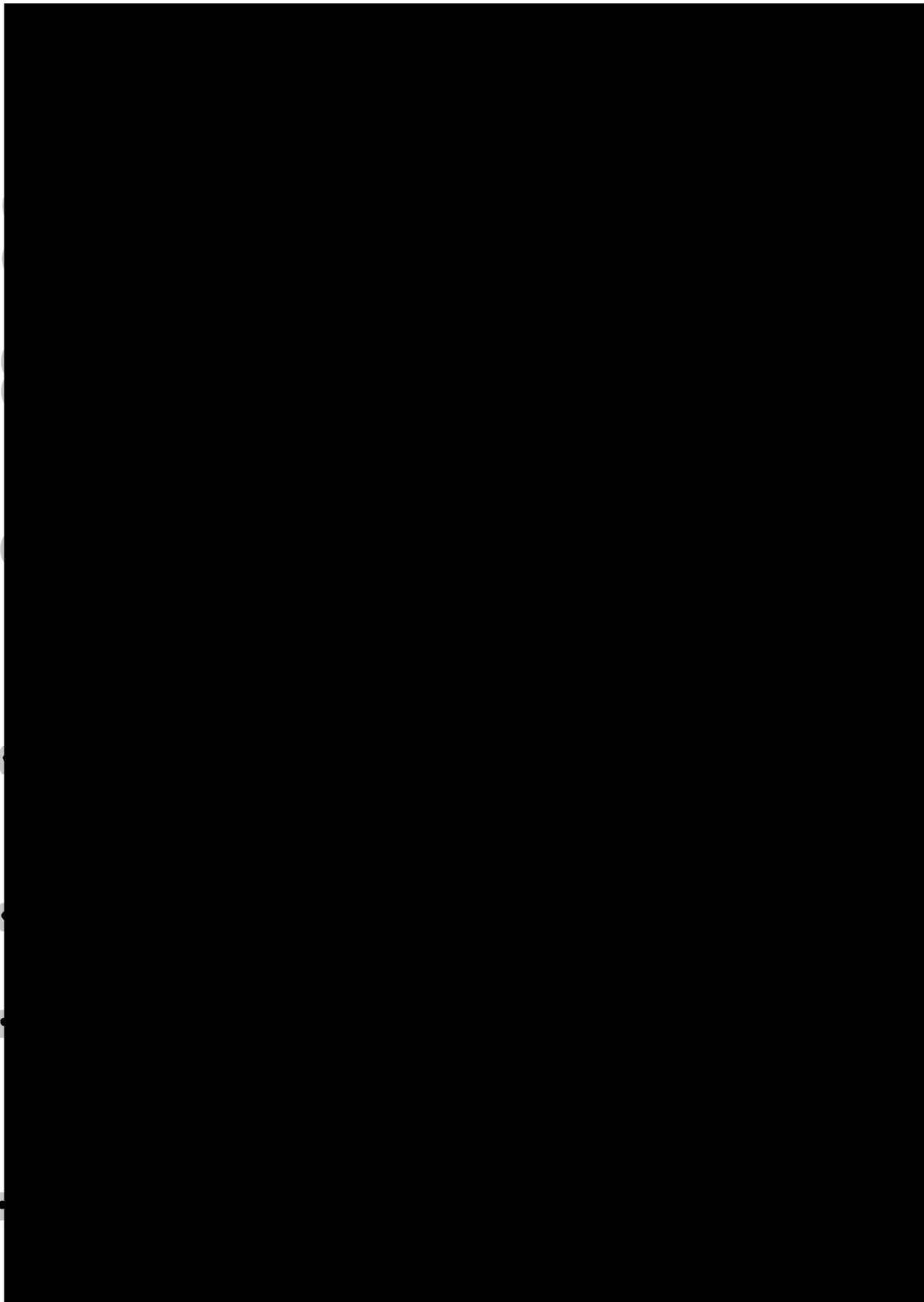
- A media analysis will be undertaken to determine the reaction of stakeholders to the announcement. The analysis will include the collection and review of media stories.

**Budget**

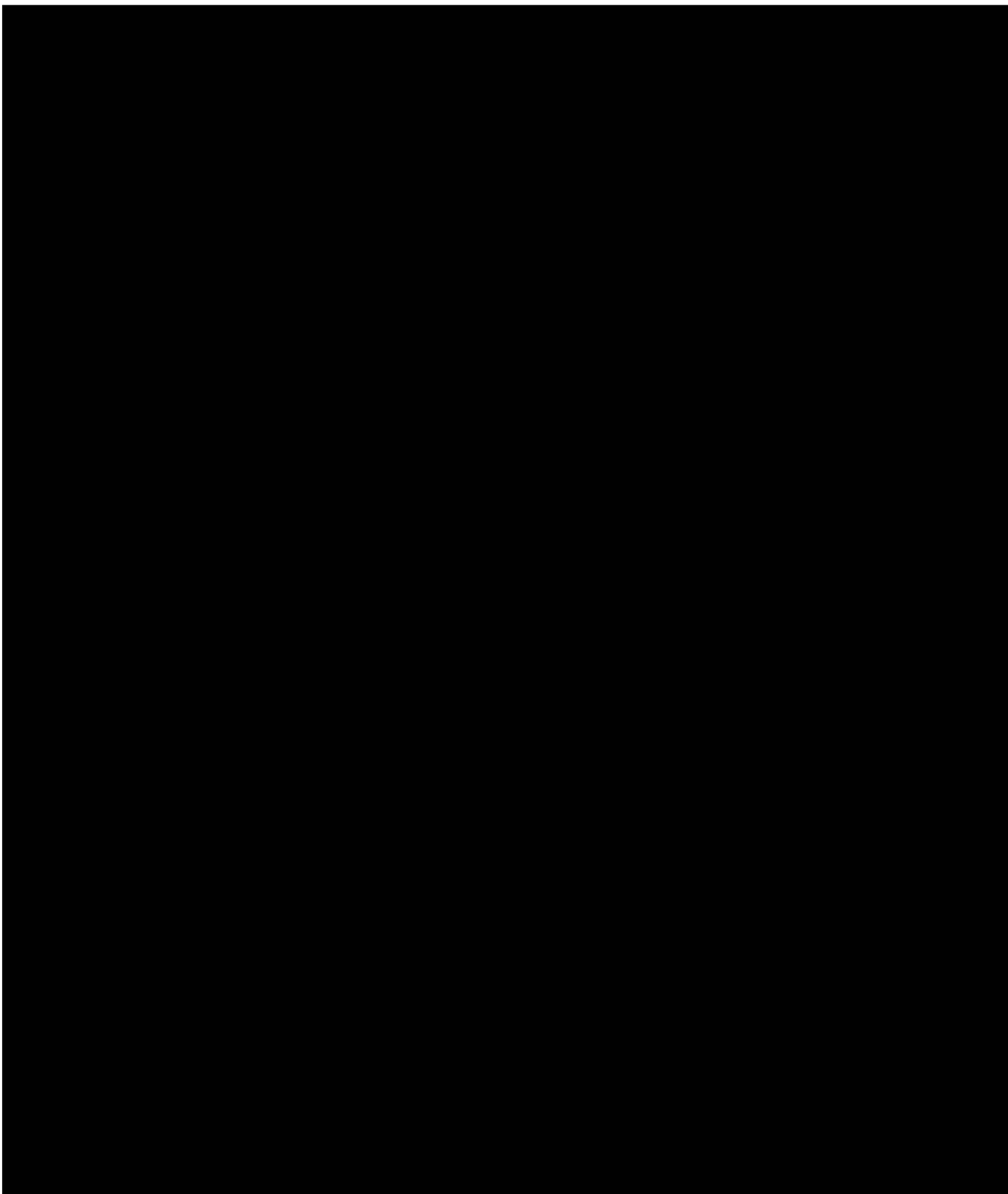
- Costs associated with the delivery of the news conference for the financial close would be absorbed in the department's budget.

Prepared by: Diana Quinton, Director of Communications

Approved by: Tracy English, Associate DM, Charles Bown, Deputy Minister



2





**SECRET**Attach To: NR2013-023  
FIN2013-016  
Committee No: EPC2013-065**COMMUNICATIONS BRANCH ANALYSIS****Title:** **Muskrat Falls Project - NL Equity Support Agreements and Guarantees for NL Equity Support Agreements****Branch Comment:** The Communications Branch has reviewed the submission and agrees with the communications analysis and approach of a news conference occurring at the time of financial close.

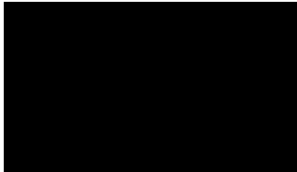
As noted in the Communications Analysis, there are other conditions related to the Federal Loan Guarantee that are currently going through the cabinet process. These are approval of an Intergovernmental Agreement for the Federal Loan Guarantee and approval of regulations for the MF Project Land Use and Expropriation Act. It is recommended that all three be announced at the same time, upon financial close.

The Branch notes that the risk involved with this approach - potential for criticism from the Opposition or media that government did not announce decisions in a timely manner – is minimal, as they are all progressing through the Cabinet process at relatively the same time.

All communications materials for this announcement will be developed in consultation with the Branch and the Premier's Office.

QAs developed for the minister should include the strategic considerations highlighted in the communications plan as well as questions being asked in the House of Assembly by the Official Opposition and NDP. QAs should also be prepared regarding the subsidiaries and their roles.

**Date:** November 7, 2013**Prepared by:** Lesley Clarke**Reviewed by:** Jacquelyn Howard



Attach to: NR2013-  
FIN2013-  
EPC2013-



**Title** Muskrat Falls Project – NL Equity Support Agreements and Guarantees for NL Equity Support Agreements

**Summary of Proposal** The Submission seeks authority for Nalcor to sign separate NL Equity Support Agreements for each of Muskrat Falls (MF), Labrador Transmission Assets (LTA), and the Labrador Island Link (LIL) substantially along the lines of Annex C of the paper, including the Master Definitions Agreements substantially along the lines of Annex D; and

Authorize the Minister of Finance to sign separate Guarantees for the NL Equity Support Agreements for each of MF, LTA, and the LIL substantially along the lines of Annex C of the paper, including the Master Definition Agreements substantially along the lines of Annex D, and sign as the designate for the Minister of Municipal and Intergovernmental Affairs pursuant to Section 7 of the *Intergovernmental Affairs Act*.

- Secretariat Comment**
1. The Muskrat Falls Project (the Project) is to be financed through a combination of debt and equity. Government’s financial contribution to the Project will be provided through an equity investment into Nalcor, which Nalcor will then invest as equity into the subsidiary corporations that will be responsible for each element of the Project.
  2. For the remaining costs, Nalcor will borrow through subsidiaries responsible for each aspect of the Project – MF (generating facility), LTA (transmission assets linking MF and Churchill Falls), and LIL (connects the Island to generation facilities in Labrador). Each component will be funded through separate equity and debt financing structures.
  3. In November 2011, the Province outlined its commitments in a Commitment Letter to the CEO of Nalcor Energy. One commitment was to, “provide the base level and contingent equity support that will be required by Nalcor to support successful achievement of in-service for MF, the LTA, and the LIL in cases with and without the participation of Emera.” The letter has been used for finance-raising purposes as well as securing the Federal Loan Guarantee (FLG) Term Sheet. Government’s policy decision underlying these measures was therefore taken at the time of sanction (MC2012-0511 refers).
  4. Base equity refers to the budgeted equity contribution to each project to complete the Project at the planned debt-to-equity ratios set in the FLG (MF/LTA: debt to equity ratio of 65:35; LIL: debt to equity of 75:25). Contingent equity refers to the additional equity which may be required to cover cost overruns on each aspect of the project.
  5. The FLG Term Sheet contains a number of conditions precedent, including those aspects of the Commitment Letter relating to base and contingent equity. The effect of the commitments in the Commitment Letter and the FLG is that the Province is responsible to fund all of the necessary equity, with no limitation, to achieve Project in-service. This represents a completion guarantee.
  6. To meet the FLG requirements, and consistent with the Commitment letter, Nalcor and

the Province will enter into two separate agreements for each aspect of the project: (1) NL Equity Support Agreements; and (2) Guarantees for NL Equity Support Agreements. These agreements are commitments referenced in NL's Intergovernmental Agreement with Canada, itself a condition precedent of the FLG (NR2013-022 is seeking authority to sign that agreement).

*NL Equity Support Agreements*

7. Nalcor is entering into a separate agreement for each of MF, LTA, and LIL with the responsible subsidiaries and, through a financial intermediary trustee, the federal government ("Canada"), for the provision of base and contingent equity. Specifically, Nalcor is committing to provide base equity sufficient to meet the maximum debt to equity ratios, as well as any contingent equity for any cost overruns required to achieve commissioning of MF, LTA and LIL.

*Guarantees for NL Equity Support Agreements*

8. The Province is entering into a separate agreement for each of MF, LTA, and LIL with Canada's financial intermediary trustee to guarantee the payment of Nalcor's equity commitments under the respective NL Equity Support Agreements. This guarantee is irrevocable and absolute and constitutes a guarantee of payment. Effectively, the Province will be required to pay any equity upon demand within 5 business days, regardless what may have happened to the Project or Nalcor.
9. The Equity Support Agreement and Guarantee for the LIL terminate on project commissioning. For the MF/LTA, the Equity Support Agreement and Guarantee will continue for 10 years after commissioning, but only in respect of a liquidity reserve for debt servicing that was required in the FLG.
10. JUS, along with outside counsel Borden Ladner Gervais, LLP, were heavily involved with Nalcor and Nalcor's outside financing counsel, as well as with Canada and its outside financing counsel, in the negotiation of the agreements.
11. Similar agreements are being developed between Canada and Emera as per the FLG Term Sheet. It is Emera, as the proponent and a private company, which is guaranteeing the completion of the project instead of the Government of Nova Scotia.
12. Nalcor has advised that its current estimate of the equity required for Project is \$1.886 billion. The Province and Nalcor will be entering into a Funding Protocol Agreement for the Province's contributions. This Agreement is under development. FIN, in collaboration with NR, Nalcor and JUS, will develop a governance structure regarding the financing relationship between NL and Nalcor regarding the Project.
13. The submission proposes to authorize the Minister of Finance as a designate for the Minister of Municipal and Intergovernmental Affairs, as the Master Definitions Agreement is an intergovernmental agreement, and the Guarantees for NL Equity Support Agreements (to be signed with an agent for Canada) could be interpreted as an intergovernmental agreement.
14. The financial close of the Project is expected by December 2013 (no announcements on the agreements is planned until then).
15. LAA, IGA, PIAO, JUS, RS and Communications were consulted and have no issues.

**Budget Division Consultation** Budget Division and Debt Management Division of the Department of Finance were consulted and have no issues.

**Secretariat Recommendation** Cabinet Secretariat recommends approval of the Submission.

PG/MH  
November 8, 2013

Attach to: NR2013-  
FIN2013-  
EPC2013-

## **Economic Policy Committee Recommendation**

### **Muskrat Falls Project – NL Equity Support Agreements and Guarantees for NL Equity Support Agreements**

The Submission of the Ministers of Natural Resources and Finance seeking approval of Muskrat Falls Project – NL Equity Support Agreements and Guarantees for NL Equity Support Agreements was considered by the Economic Policy Committee.

It is recommended that Cabinet:

1. Authorize Nalcor to sign separate NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link substantially along the lines of those attached in Annex C, including the related Master Definitions Agreements substantially along the lines of Annex D; and
2. Approve and authorize the Minister of Finance to sign separate Guarantees for the NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link substantially along the lines of those attached in Annex C, including the related Master Definition Agreements substantially along the lines of those attached in Annex D, as the designate for the Minister of Municipal and Intergovernmental Affairs pursuant to Section 7 of the *Intergovernmental Affairs Act*.

**The Committee recommends approval of this Submission.**

November 12, 2013.



2013/11/14

MC2013-

NR/DM  
FIN/DM  
Asst Sec/EPC  
Hon S. Kent  
S. Dutton  
E Martin/Nalcor  
JUS/DM  
AG  
Deputy Clerk  
File

NR2013-. FIN2013- EPC201- XX2013-

The joint Submission of the Minister of Natural Resources and the Minister of Finance respecting Muskrat Falls Project – NL Equity Support Agreements and Guarantees for NL Equity Support Agreements was considered. A presentation was provided by the Deputy Minister of Natural Resources.

The following direction was provided:

- 1) Approval was given for Nalcor Energy to sign separate NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link, substantially as outlined in the draft on file with the Clerk of the Executive Council, and the Master Definitions Agreements, substantially as outlined the draft on file with the Clerk of the Executive Council; and
- 2) Approval was given for the issuance of an Order in Council, under the authority of sections 10 and 11 of the Executive Council Act, section 7 of the Intergovernmental Affairs Act and sections 25 and 27 of the Energy Corporation Act, to authorize the Minister of Finance, as designate for the Minister of Municipal and Intergovernmental Affairs, to sign separate Guarantees for the NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link and the Master Definition Agreements, substantially as outlined in the drafts on file with the Clerk of the Executive Council.

(NO ACTION IS TO BE TAKEN ON ITEM 2 UNTIL AN ORDER IN COUNCIL IS ISSUED)

Clerk of the Executive Council

Executive  
Council



Newfoundland  
and Labrador



2013/11/29

OC2013- [redacted]

NR/ DM  
FIN/DM  
JUS/DM  
Asst. Sec/EPC  
Hon. S. Kent  
S. Dutton  
E. Martin/Nalcor  
AG  
Deputy Clerk  
File

MC2013- [redacted] NR2013- [redacted] FIN2013- [redacted] EPC2013- [redacted] XX2013- [redacted]

Under the authority of sections 10 and 11 of the Executive Council Act, section 7 of the Intergovernmental Affairs Act and sections 25 and 27 of the Energy Corporation Act, the Lieutenant Governor in Council is pleased to authorize the Minister of Finance, as designate for the Minister of Municipal and Intergovernmental Affairs, to sign separate Guarantees for the NL Equity Support Agreements for each of Muskrat Falls, Labrador Transmission Assets, and the Labrador Island Link and the Master Definition Agreements, substantially as outlined in the drafts on file with the Clerk of the Executive Council.

Clerk of the Executive Council