Q. Please provide copies of all financing agreements relating to the Muskrat Falls Project, including:

(i) Intergovernmental Agreement;
(ii) Muskrat Falls Equity Agreement;
(iii) Labrador Island Link Equity Agreement;
(iv) Labrador Transmission Assets Equity Agreement;
(v) Terms and Conditions of the Federal Loan Guarantee 1;
(vi) Terms and Conditions of the Federal Loan Guarantee 2;
(vii) Muskrat Falls Funding Trust Final Offering Circular.

A. Please find attached the following documents:

(i) Intergovernmental Agreements: attached as PUB-Nalcor-018, Attachment 1 and PUB-Nalcor-018, Attachment 2;
(ii) Muskrat Falls Equity Funding Agreement: attached as PUB-Nalcor-018, Attachment 3;
(iii) Labrador-Island Link Equity Agreements: PUB-Nalcor-018, Attachment 4, PUB-Nalcor-018, Attachment 5, and PUB-Nalcor-018, Attachment 6;
(iv) Labrador Transmission Assets Equity Funding Agreement: attached as PUB-Nalcor-018, Attachment 7;
(v) Terms and Conditions of the Federal Loan Guarantee 1: attached as PUB-Nalcor-018, Attachment 8;
(vi) Terms and Conditions of the Federal Loan Guarantee 2: attached as PUB-Nalcor-018, Attachment 9; and
(vii) Muskrat Falls Funding Trust Final Offering Circular: attached as PUB-Nalcor-018, Attachment 10.

THIS AGREEMENT is made the 29th day of November, 2013.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by the Minister of Natural Resources

("Canada")

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Natural Resources, the Minister for Intergovernmental Affairs, and the Minister of Finance

("NL")

(each a "Party" and collectively the "Parties")

WHEREAS:

A. Nalcor Energy, a Crown corporation of NL ("Nalcor") is undertaking an infrastructure project consisting of three components to be constructed by Nalcor through subsidiary corporations: (1) an 824 MW generating facility to be located at Muskrat Falls, Labrador, and to be 100% owned by Nalcor ("MF"); (2) a 345 kV HVac transmission interconnection system between Muskrat Falls and Churchill Falls and to be 100% owned by Nalcor ("LTA"); and (3) a HVDC transmission line connecting the Island of Newfoundland to the generation facilities in Labrador ("LIL" collectively with MF and LTA, the "Projects") which Nalcor will develop but in which Emera Inc., via a Newfoundland and Labrador corporate entity, will have an opportunity to invest;

B. On 30 November 2012, Canada, Nalcor, NL, Emera Inc. and Her Majesty in Right of Nova Scotia executed an agreement (the "FLG Agreement") providing for the key terms and conditions for the guarantee by Canada (the "Federal Loan Guarantee") of the debt financing of the Projects in which Canada committed to provide a loan guarantee to support the financing of the Projects;

C. The FLG Agreement contained as a condition precedent to provision of the Federal Loan Guarantee that Canada and NL execute an intergovernmental agreement in which, amongst other requirements, NL agreed to indemnify Canada for any costs that it may incur under the Federal Loan Guarantee as a result of a regulatory decision or regulatory change (including through legislation or policy) that prevents the Project Entities from being able to recover Project Costs and fully service the debt guaranteed by Canada under the Federal Loan Guarantee;

D. The Formal Agreements have been negotiated to implement the commitment contained in the FLG Agreement. As a condition of execution of the Formal Agreements, Canada and NL have requested the assurances contained herein.

NOW, THEREFORE, the Parties agree for good and valuable consideration as follows:

Definitions

1. The capitalized words and expressions, wherever used in this Agreement shall have the meanings ascribed thereto in Schedule "A" hereof.

Effective Date

2. Notwithstanding any provision of this Agreement, this Agreement shall only come into force and effect upon the execution of the Guarantee Agreements (the "Effective Date").

NL Commitments in FLG 3.5 A(v)(a)

3. It is acknowledged and agreed that the commitments of NL to Canada outlined in Schedule "A" of the FLG Agreement have been satisfied by the actions referenced in Schedule "B" hereof.

NL Commitments in FLG 3.5 A(v)(b)

4. NL hereby agrees to indemnify Canada for any Costs that Canada may incur under the Federal Loan Guarantee as a result of a Government Action that prevents a Project Entity from being able to recover Project Costs and fully servicing its Project Debt, which would otherwise permit the relevant Funding Vehicle to fully service its Guaranteed Debt (each an “Indemnifiable Event").

5. For the purposes of Section 4,

"Government Action" means a regulatory decision or regulatory change (including through legislation or policy) by NL (or the Board of Commissioners of Public Utilities of Newfoundland and Labrador) which results in an Indemnifiable Event unless and except for such actions which are:

(a) undertaken with the consent of Canada or Canada's authorized representatives; or

(b) required as a consequence of a regulatory decision or regulatory change (including through legislation or policy) made by Canada, provided that:

* NL has given Canada prior written notice of such required action; and

* Canada, acting reasonably, agrees that the action was required as a consequence of a regulatory decision or regulatory change made by Canada.

NL Commitments in FLG 3.5 (A)(v)(c)

6. In the event that any failure to complete the Projects by the relevant Project Entity arises as a consequence of the failure of NL to comply with the commitments and requirements as outlined in Schedule B hereto, NL: (i) hereby indemnifies Canada for any Costs that Canada may incur under the Federal Loan Guarantee as a result of any Project not achieving Commissioning as defined in the MF\LTA MDA and the LIL MDA applicable to such Project and (ii) hereby acknowledges and confirms that the equity contribution obligations of Nalcor under the equity support agreements and of NL under the equity support guarantees (collectively, the “Equity Support Agreements”) described in Schedule C, remain in full force and effect in accordance with their respective terms.

Mechanics of Indemnification

7. Each of NL and Canada agrees to promptly notify the other of them upon becoming aware of a Government Action or default of the requirements pursuant to Schedule B as to the indemnities at sections 4 and 6 where the Party notifying reasonably believes that a consequence that is indemnified for may arise. NL and Canada will consult and cooperate to attempt to resolve situations potentially giving rise to the obligation of indemnity hereunder, each to work in good faith to resolve the identified event. Each of NL and Canada shall share the information requested by

the other of them in connection with the notified potential claim for indemnity, each to respond promptly to requests for information, and meetings or consultation, pursuant to the agreement to consult, cooperate and work in good faith.

8. Despite section 7, Canada shall be entitled to require payment pursuant to the indemnities set out in this Agreement at sections 4 and 6 by issuing demand therefor upon the occurrence of the relevant matter so indemnified. Payment shall be made by NL within five (5) business days of such written demand from Canada and shall be made on a payment-by-payment basis, or, if the Guaranteed Debt is redeemed by Canada or Canada is exercising its rights to prepay in full the Guaranteed Debt, on a redemption or prepayment basis at Canada's discretion. Failure by Canada to promptly provide NL with a written demand shall not relieve NL of its obligations hereunder.

9. Canada agrees that if at any time the consultation, cooperation and discussions between NL and Canada as described above result in a written agreement to a remedy, or solution, that such will, upon satisfaction of such agreed remedy or solution, be deemed to have remedied and satisfied the event, and the indemnity arising in connection therewith.

10. An event giving rise to indemnity as to the indemnities at sections 4 and 6 will only be waived by an agreement of waiver in writing provided by Canada to NL, and will not be waived by the undertaking of consultation or cooperation as provided.

Dispute Resolution

11. All questions, differences, claims and disputes arising out of or in connection with subparagraph 5(b) (a "Dispute") shall be resolved by arbitration.

12. The arbitration will be conducted by a single arbitrator. Any Party hereto (the "Complainant") may initiate arbitration by giving written notice in the manner provided for in Section 26 of this Agreement to the other Party (the "Respondent") of the Complainant's desire to submit a Dispute to arbitration in accordance with this Section (the "Complaint").

13. The Complaint shall describe with reasonable particularity the subject-matter of the Dispute and shall nominate an arbitrator (the "Proposed Arbitrator"). The Proposed Arbitrator shall determine the Dispute unless, within ten (10) calendar days of receipt of the Complaint (the "Response Period"), a Respondent, by written notice to the Complainant, objects to the appointment of the Proposed Arbitrator. If, within the Response Period, a Respondent objects to the appointment of the Proposed Arbitrator and the Complainant and the Respondents do not otherwise agree on the appointment of an arbitrator, the arbitrator may be appointed by a judge of the Supreme Court of Newfoundland and Labrador upon application of either Party.

14. The arbitration shall take place in St. John's, NL.

15. Except as otherwise provided in this Section, the arbitration will be governed by the *Arbitration Act*, NL. To the extent not otherwise provided for in this Section, the procedure to be followed, including the confidentiality of any element of the arbitration, will be as agreed to by the Parties or, in default of such agreement, as determined by the arbitrator.

16. Unless the arbitrator otherwise determines, the fees of the arbitrator and the costs and expenses of the arbitration will be borne and paid equally by the Parties.

17. The decision of the arbitrator shall be final and binding as between the Parties to this Agreement and there shall be no rights of appeal of any kind. Judgment upon the award, including any interim award, rendered by the arbitrator, may be entered in any court having jurisdiction.

General Clauses

18. This Agreement shall terminate (i) with respect to the provisions of section 6 upon Commissioning of all Projects as defined in the MF\LTA MDA and LIL MDA, and (ii) with respect to the provisions of section 4 upon the indefeasible payment in full of all amounts payable under the Operative Documents provided that if payment has been made by Canada pursuant to the requirements of the Guarantee Agreements then this Agreement shall terminate with respect to the provisions of Section 4 upon the indefeasible payment in full of all amounts payable to Canada as satisfaction and reimbursement of Costs incurred by Canada pursuant to the Guarantee Agreements.

19. Each Party hereby agrees with the other Party making this Agreement public at any time and from time to time after this Agreement is executed by both Parties.

20. Each Party agrees to ensure early and full communication with the other Party in respect of any issues relating to the operation of this Agreement, the Formal Agreements and the Operative Documents.

21. This Agreement shall be governed and interpreted in accordance with the laws of the Province of Newfoundland and Labrador, and the laws of Canada applicable therein, and any proceeding will be brought exclusively in the Supreme Court of Newfoundland and Labrador, subject to any right to appeal.

22. This Agreement may be executed in any number of counterparts, each of which will be considered an original of this Agreement, and which together will constitute one and the same instrument. No Party will be bound to this Agreement unless and until both Parties have executed a counterpart. A facsimile signature or an otherwise electronically reproduced signature of either Party shall be deemed to be an original.

23. No assignment or transfer of any rights hereunder may be made by either Party without the express written consent of the other Party.

24. It is the intention of each of Canada and NL that this Agreement constitutes a commercial agreement which is legally binding on each of them and enforceable in accordance with its terms. Neither Party shall: (1) make any claim or pursue any action, suit or proceeding whatsoever challenging the validity, enforceability, or effectiveness of any provision of this Agreement; or (2) participate in or co-operate with any other party to pursue any such action, suit or proceeding, it being the intention that each Party is proceeding with the arrangements between them on the basis that this Agreement is enforceable.

25. No modification, amendment or waiver of the obligations or terms of this Agreement shall be effective unless made in writing and signed by each of the Parties.

26. All notices or other communication contemplated to be given by Canada or NL under this 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:

    To Canada:

    Director General
    Natural Resources Canada
    Electricity Resources Branch

580 Booth Street, 17th Floor, Room: C7-2
Ottawa, Ontario K1A 0E4
Canada

Attention: Mr. Jonathan Will

With a copy to:

Director, Renewable and Electrical Division
Natural Resources Canada
Renewable and Electrical Energy Division

580 Booth Street, 17th Floor, Room: B7-3
Ottawa, Ontario K1A 0E4
Canada

Attention: Mr. Anoop Kapoor

To NL:

Government of Newfoundland and Labrador
Department of Natural Resources
P. O. Box 8700
St. John's, NL
A1B 4J6

Attention: Deputy Minister

With a copy to:

Government of Newfoundland and Labrador
Department of Natural Resources
P. O. Box 8700
St. John's, NL
A1B 4J6

Attention: Associate Deputy Minister - Energy

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

[Signature Page to follow on the next page]

Executed as of the 29th day of November, 2013

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by THE MINISTER OF NATURAL RESOURCES

The Honourable Mr. Joe Oliver,
Minister of Natural Resources

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR

The Honourable Derrick Dalley,
Minister of Natural Resources

The Honourable Steve Kent,
Minister for Intergovernmental Affairs

The Honourable Thomas W. Marshall, Q.C.,
Minister of Finance

SCHEDULE "A"

DEFINITIONS

"Agreement" means this agreement, including all schedules, as it may be modified, amended, supplemented, or restated from time to time by written agreement between the Parties;

"Business Day" means any day that is not a Saturday, Sunday or legal holiday recognized in the City of St. John's, NL or in Ottawa, ON;

"Canada" has the meaning ascribed thereto in the introduction to this Agreement;

"**Costs**" includes costs, losses, claims, liabilities, actions or damages incurred by Canada, net of all recoveries in respect of such costs, losses, claims, liabilities, actions or damages, including amounts recovered by Canada in any Realization Proceeding or Enforcement Proceeding undertaken by Canada, without obligation on the part of Canada to take such Realization Proceeding or Enforcement Proceeding;

"Effective Date" has the meaning ascribed thereto in section 2 hereof;

"Enforcement Proceeding" with respect to any person (which in this Agreement shall include a partnership and a trust), refers to any personal action, provisional measure, any other real or personal right, any other remedy whether same is exercised under the terms of any security or any other recourse whatsoever and including, without limitation:

1. 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;

2. the right to institute or prosecute any litigation, legal action, lawsuit or other proceeding (whether civil or administrative) by or before any governmental authority;

3. the right, whether legal or contractual, to effect set-off;

4. the right to initiate or prosecute Insolvency Proceedings or Realization Proceedings; and the exercise of the rights of a creditor under any Insolvency Proceeding;

"Federal Loan Guarantee" has the meaning ascribed thereto in paragraph B of the recitals;

"FLG Agreement" has the meaning ascribed thereto in paragraph B of the recitals;

"Formal Agreements" means, as applicable, (i) the Guarantee Transaction Documents as defined in the MF/LTA MDA and (ii) the Guarantee Transaction Documents as defined in the LIL MDA;

"**Funding Vehicle**" means, as applicable, (i) the Funding Vehicle as defined in the MF/LTA MDA and (ii) the Funding Vehicle as defined in the LIL MDA;

"Government Action" has the meaning ascribed thereto in section 5 hereof;

"Guarantee Agreements" means, as applicable, (i) the Federal Loan Guarantee as defined in the MF/LTA MDA and (ii) the Federal Loan Guarantee as defined in the LIL MDA;

"Guaranteed Debt" means, as applicable, the Guaranteed Obligations as such term is defined in each of the Guarantee Agreements;

"Indemnifiable Event" has the meaning ascribed thereto in section 4 hereof;

"Insolvency Proceeding" refers to any proceeding in connection with:

1. an assignment for the benefit of creditors, the filing of a petition in bankruptcy, a proposal or a notice of intention under the *Bankruptcy and Insolvency Act* (Canada) or any other similar law of any other jurisdiction;

2. the adjudication of any person as insolvent or bankrupt;

3. 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

4. any person or any property of any person under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Corporations Act* (NL) or any other reorganization, arrangement, readjustment, composition, dissolution, winding-up or liquidation law of any jurisdiction, whether now or hereafter in effect;

"LIL" has the meaning ascribed thereto in paragraph A of the recitals;

"**LIL MDA**" means the master definition agreement dated on or about the date hereof entered into among Canada, NL, and others in relation to LIL, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time;

"LTA" has the meaning ascribed thereto in paragraph A of the recitals;

"MF" has the meaning ascribed thereto in paragraph A of the recitals;

"**MF/LTA MDA**" means the master definition agreement dated on or about the date hereof entered into among Canada, NL, and others in relation to MF and LTA, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time;

"Nalcor" has the meaning ascribed thereto in paragraph A of the recitals;

"NL" has the meaning ascribed thereto in the introduction to this Agreement;

"Nova Scotia" means Her Majesty in Right of Nova Scotia;

"Operative Documents" means, collectively (i) the Muskrat/LTA Project Finance Documents as defined in the MF/LTA MDA and (ii) the Project Finance Documents as defined in the LIL MDA;

"Party" and **"Parties"** have the meaning ascribed thereto in the introduction to this Agreement;

"Projects" have the meaning ascribed thereto in paragraph A of the recitals and "Project" shall mean any one of them;

"Project Costs" means, as applicable, (i) MF Project Costs and LTA Project Costs as defined under the MF/LTA MDA and (ii) Project Costs as defined under the LIL MDA;

"Project Debt" means, collectively, all present and future indebtedness, liabilities, and obligations of any kind, nature, or description whether direct or indirect, joint or several or joint and several, absolute or contingent, matured or unmatured of any Project Entity arising, as applicable, under (i) the Muskrat/LTA Project Finance Agreement as defined in the MF/LTA MDA and (ii) the LIL Project Finance Agreement as defined in the LIL MDA;

"Project Entities" means Muskrat Falls Corporation, Labrador Transmission Corporation and Labrador - Island Link Limited Partnership;

"Realization Proceeding", with respect to any person refers to:

1. any remedy or recourse granted to such person against another person or the properties or assets of such other person as a result of such first person holding, directly or beneficially, liens, mortgages or security interests on the properties or assets of such other person including, without limitation:

    i. the right to require the surrender of the properties or assets subject to such liens, mortgages or security interests;

    ii. the right to exercise any mortgage recourse or to foreclose on the properties or assets subject to such liens, mortgages or security interests;

    iii. the right to withdraw any authorization to collect accounts subject to such liens or security interests;

    iv. the right to vote any capital stock subject to such liens or security interests or to withdraw any power of attorney to vote any such Capital Stock; and

    v. the right to take possession, administer, sell or lease any of the properties or assets subject to such liens, mortgages or security interests;

2. the right to seize or request the seizure of the properties or assets of any other person; and

3. the right to institute or prosecute any litigation seeking injunctive relief.

SCHEDULE "B"
NL FLG AGREEMENT COMMITMENTS

[NTD: Additions in the right-hand column under review by NL.]

	NL Commitment:	**Satisfied By:**
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.	* Orders-in-council (OIC) for each of MF, LIL & LTA (as per s. 14.1 of the NL *Energy Corporation Act* (the ECA) which provides for incorporation of subsidiaries by OIC * OIC authorizing Nalcor and subsidiaries to borrow and issue security for repayment by bonds, mortgages, etc. * Approval of Nalcor re: borrowing by subsidiaries (see s. 14.1(3) of the ECA) * Review of by-laws and board resolutions of Nalcor and subsidiaries
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.	* Execution of Equity Support Agreement and Equity Support Guarantee by Nalcor and NL respectively

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.	* Execution of (i) Power Purchase Agreement between Muskrat Falls Corporation (MF Co) and NL Hydro and (ii) Generator Interconnection Agreement (GIA) between MF Co, Labrador Transmission Corporation (LTA Co) and NL Hydro * OIC restraining the NL Board of commissioners of Public Utilities (PUB) from exercising its powers or performing its duties upon MF achieving in-service where such exercise or performance would result in regulated rates for NL Hydro insufficient to collect the revenue required to recover amounts incurred for the purchase and delivery of energy from MF Co

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; b) operating and maintenance costs; c) applicable taxes and fees; and d) extraordinary or emergency repairs.	* Execution of (i) Transmission Funding Agreement between Labrador-Island Link Limited Partnership (LIL LP), Labrador-Island Link Operating Corporation (LIL Opco) NL Hydro, (ii) the LIL Assets Agreement between LIL LP and LIL Opco and (iii) LIL Lease between LIL LP, LIL Opco and NL Hydro * OIC restraining the PUB from exercising its powers or performing its duties upon LIL achieving in-service where such exercise or performance would result in regulated rates for NL Hydro insufficient to collect the revenue required to recover amounts incurred for transmission services
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.	* Execution of GIA * OIC restraining PUB from exercising its powers or performing its duties upon LTA achieving in-service where such exercise or performance would result in regulated rates insufficient to provide for a recovery of costs over the life of the LTA

SCHEDULE C

EQUITY SUPPORT AGREEMENTS

LIL Equity Support Agreement entered into as of the 29th day of November, 2013, among Nalcor Energy, Labrador-Island Link Holding Corporation, Labrador-Island Link General Partner Corporation, Labrador-Island Link Limited Partnership and The Toronto-Dominion Bank, as Collateral Agent

Guarantee for LIL Equity Support Agreement entered into as of the 29th day of November, 2013, between Her Majesty the Queen in right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent

MF Equity Support Agreement entered into as of the 29th day of November, 2013, between Nalcor Energy, Muskrat Falls Corporation and The Toronto-Dominion Bank, as Collateral Agent

Guarantee for MF Equity Support Agreement entered into as of the 29th day of November, 2013, between Her Majesty the Queen in right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent

LTA Equity Support Agreement entered into as of the 29th day of November, 2013, between Nalcor Energy, Labrador Transmission Corporation and The Toronto-Dominion Bank, as Collateral Agent

Guarantee for LTA Equity Support Agreement entered into as of the 29th day of November, 2013, between Her Majesty the Queen in right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent

TOR01: 5401078: v6

THIS AMENDED AND RESTATED AGREEMENT is made the 16th day of May, 2017,

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by the Minister of Natural Resources

("**Canada**")

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Natural Resources, the Minister for Intergovernmental Affairs, and the Minister of Finance

("**NL**")

(each a "Party" and collectively the "Parties")

WHEREAS:

A. Nalcor Energy, a Crown corporation of NL ("Nalcor") is undertaking an infrastructure project consisting of three components to be constructed by Nalcor through subsidiary corporations: (1) an 824 MW generating facility to be located at Muskrat Falls, Labrador, and to be 100% owned by Nalcor ("MF"); (2) a 345 kV HVac transmission interconnection system between Muskrat Falls and Churchill Falls and to be 100% owned by Nalcor ("LTA"); and (3) a HVDC transmission line connecting the Island of Newfoundland to the generation facilities in Labrador ("LIL" collectively with MF and LTA, the "Projects") which Nalcor will develop but in which Emera Inc., via a Newfoundland and Labrador corporate entity, will have an opportunity to invest;

B. On 30 November 2012, Canada, Nalcor, NL, Emera Inc. and Her Majesty in Right of Nova Scotia executed an agreement (the "FLG Agreement") providing for the key terms and conditions for the guarantee by Canada of the debt financing of the Projects in which Canada committed to provide a loan guarantee to support the financing of the Projects (the "Federal Loan Guarantee");

C. The FLG Agreement contained as a condition precedent to provision of the Federal Loan Guarantee that Canada and NL execute an intergovernmental agreement in which, amongst other requirements, NL agreed to indemnify Canada for any costs that it may incur under the Federal Loan Guarantee as a result of a regulatory decision or regulatory change (including through legislation or policy) that prevents the Project Entities from being able to recover Project Costs and fully service the debt guaranteed by Canada under the Federal Loan Guarantee;

D. The Formal Agreements were negotiated to implement the commitment contained in the FLG Agreement. As a condition of execution of the Formal Agreements, Canada and NL had requested the assurances that were contained in the Agreement between the Parties dated the 29th day of November, 2013 (the "Existing Intergovernmental Agreement").

E. Canada has agreed to provide a second guarantee ("Additional Federal Loan Guarantee") to support additional debt of the Projects, the key terms and conditions of which guarantee are set out in the agreement between Canada, NL, Nalcor, and the Project Entities dated as of March 30, 2017 (the "Additional FLG Agreement"). Certain of the Formal Agreements will be amended as part of this process.

F. The Parties agree that the terms, rights and obligations of the Existing Intergovernmental Agreement shall also apply to the Additional Federal Loan Guarantee and wish to amend and restate the Existing Intergovernmental Agreement in its entirety, but without novation, as herein provided.

NOW, THEREFORE, the Parties agree for good and valuable consideration as follows:

Definitions

1. The capitalized words and expressions, wherever used in this Agreement shall have the meanings ascribed thereto in Schedule "A" hereof.

Effective Dates

2. Notwithstanding any provision of this Agreement, this Agreement shall only come into force and effect:

   (a) With respect to the Federal Loan Guarantee, upon the execution of the Initial Guarantee Agreements, that is, as of November 29, 2013; and

   (b) With respect to the Additional Federal Loan Guarantee, upon the execution of the Additional Guarantee Agreements.

   (the "Effective Dates").

NL Commitments in FLG Agreement ss. 3.5 A(v)(a) and in Additional FLG Agreement ss. 4.5(ii)

3. It is acknowledged and agreed that: (a) the commitments of NL to Canada outlined in Schedule "A" of the FLG Agreement have been satisfied by the actions referenced in Schedule "B" hereof; and (b) the commitment of NL to Canada contained in ss. 4.5(ii) of the Additional FLG Agreement has been satisfied by the execution of this Agreement.

NL Commitments in FLG Agreement ss. 3.5 A(v)(b)

4. NL hereby agrees to indemnify Canada for any Costs that Canada may incur under the Federal Loan Guarantee or the Additional Federal Loan Guarantee, or both, as a result of a Government Action that prevents a Project Entity from being able to recover Project Costs and fully servicing its Project Debt, which would otherwise permit the relevant Funding Vehicle to fully service its Guaranteed Debt (each an "Indemnifiable Event").

5. For the purposes of Section 4,

> "Government Action" means a regulatory decision or regulatory change (including through legislation or policy) by NL (or the Board of Commissioners of Public Utilities of Newfoundland and Labrador) which results in an Indemnifiable Event unless and except for such actions which are:
>
> (a) undertaken with the consent of Canada or Canada's authorized representatives; or
>
> (b) required as a consequence of a regulatory decision or regulatory change (including through legislation or policy) made by Canada, provided that:
>
> - NL has given Canada prior written notice of such required action; and
> - Canada, acting reasonably, agrees that the action was required as a consequence of a regulatory decision or regulatory change made by Canada.

NL Commitments in FLG Agreement ss. 3.5 (A)(v)(c)

6. In the event that any failure to complete the Projects by the relevant Project Entity arises as a consequence of the failure of NL to comply with the commitments and requirements as outlined in Schedule B hereto, NL: (i) hereby indemnifies Canada for any Costs that Canada may incur under the Federal Loan Guarantee or the Additional Federal Loan Guarantee, or both, as a result of any Project not achieving Commissioning as defined in the MF\LTA MDA and the LIL MDA applicable to such Project and (ii) hereby acknowledges and confirms that the equity contribution obligations of Nalcor under the equity support agreements and of NL under the equity support guarantees (collectively, the "Equity Support Agreements") described in Schedule C, remain in full force and effect in accordance with their respective terms.

Mechanics of Indemnification

7. Each of NL and Canada agrees to promptly notify the other of them upon becoming aware of a Government Action or default of the requirements pursuant to Schedule B as to the indemnities at sections 4 and 6 where the Party notifying reasonably believes that a consequence that is indemnified for may arise. NL and Canada will consult and cooperate to attempt to resolve situations potentially giving rise to the obligation of indemnity hereunder, and work in good faith to resolve the identified event. Each of NL and Canada shall share the information requested by the other of them in connection with the notified potential claim for indemnity, and respond promptly to requests for information, and meetings or consultation, pursuant to the agreement to consult, cooperate and work in good faith.

8. Despite section 7, Canada shall be entitled to require payment pursuant to the indemnities set out in this Agreement at sections 4 and 6 by issuing demand therefor upon the occurrence of the relevant matter so indemnified. Payment shall be made by NL within five (5) business days of such written demand from Canada and shall be made on a payment-by-payment basis, or, if the Guaranteed Debt is redeemed by Canada or Canada is exercising its rights to prepay in full the Guaranteed Debt, on a redemption or prepayment basis at Canada's discretion. Failure by Canada to promptly provide NL with a written demand shall not relieve NL of its obligations hereunder.

9. Canada agrees that if at any time the consultation, cooperation and discussions between NL and Canada as described above result in a written agreement to a remedy, or solution, that such will, upon satisfaction of such agreed remedy or solution, be deemed to have remedied and satisfied the event, and the indemnity arising in connection therewith.

10. An event giving rise to indemnity as to the indemnities at sections 4 and 6 will only be waived by an agreement of waiver in writing provided by Canada to NL, and will not be waived by the undertaking of consultation or cooperation as provided.

Dispute Resolution

11. All questions, differences, claims and disputes arising out of or in connection with subparagraph 5(b) (a "Dispute") shall be resolved by arbitration.

12. The arbitration will be conducted by a single arbitrator. Any Party hereto (the "Complainant") may initiate arbitration by giving written notice in the manner provided for in Section 26 of this Agreement to the other Party (the "Respondent") of the Complainant's desire to submit a Dispute to arbitration in accordance with this Section (the "Complaint").

13. The Complaint shall describe with reasonable particularity the subject-matter of the Dispute and shall nominate an arbitrator (the "Proposed Arbitrator"). The Proposed Arbitrator shall determine the Dispute unless, within ten (10) calendar days of receipt of the Complaint (the "Response Period"), a Respondent, by written notice to the Complainant, objects to the appointment of the Proposed Arbitrator. If, within the Response Period, a Respondent objects to the appointment of the Proposed Arbitrator and the Complainant and the Respondents do not otherwise agree on the appointment of an arbitrator, the arbitrator may be appointed by a judge of the Supreme Court of Newfoundland and Labrador upon application of either Party.

14. The arbitration shall take place in St. John's, NL.

15. Except as otherwise provided in this Section, the arbitration will be governed by the *Arbitration Act,* NL. To the extent not otherwise provided for in this Section, the procedure to be followed, including the confidentiality of any element of the arbitration, will be as agreed to by the Parties or, in default of such agreement, as determined by the arbitrator.

16. Unless the arbitrator otherwise determines, the fees of the arbitrator and the costs and expenses of the arbitration will be borne and paid equally by the Parties.

17. The decision of the arbitrator shall be final and binding as between the Parties to this Agreement and there shall be no rights of appeal of any kind. Judgment upon the award, including any interim award, rendered by the arbitrator, may be entered in any court having jurisdiction.

General Clauses

18. This Agreement shall terminate (i) with respect to the provisions of section 6 upon Commissioning of all Projects as defined in the MF\LTA MDA and LIL MDA, and (ii) with respect to the provisions of section 4 upon the indefeasible payment in full of all amounts payable under the Operative Documents provided that if payment has been made by Canada pursuant to the requirements of the Guarantee Agreements then this Agreement shall terminate with respect to the provisions of Section 4 upon the indefeasible payment in full of all amounts payable to Canada as satisfaction and reimbursement of Costs incurred by Canada pursuant to the Guarantee Agreements.

19. Each Party hereby agrees with the other Party making this Agreement public at any time and from time to time after this Agreement is executed by both Parties.

20. Each Party agrees to ensure early and full communication with the other Party in respect of any issues relating to the operation of this Agreement, the Formal Agreements, and the Operative Documents.

21. This Agreement shall be governed and interpreted in accordance with the laws of the Province of Newfoundland and Labrador, and the laws of Canada applicable therein, and any proceeding will be brought exclusively in the Supreme Court of Newfoundland and Labrador, subject to any right to appeal.

22. This Agreement may be executed in any number of counterparts, each of which will be considered an original of this Agreement, and which together will constitute one and the same instrument. No Party will be bound to this Agreement unless and until both Parties have executed a counterpart. A facsimile signature or an otherwise electronically reproduced signature of either Party shall be deemed to be an original.

23. No assignment or transfer of any rights hereunder may be made by either Party without the express written consent of the other Party.

24. It is the intention of each of Canada and NL that this Agreement constitutes a commercial agreement which is legally binding on each of them and enforceable in accordance with its terms. Neither Party shall: (1) make any claim or pursue any action, suit or proceeding whatsoever challenging the validity, enforceability, or effectiveness of any provision of this Agreement; or (2) participate in or co-operate with any other party to pursue any such action, suit or proceeding, it being the intention that each Party is proceeding with the arrangements between them on the basis that this Agreement is enforceable.

25. No modification, amendment or waiver of the obligations or terms of this Agreement shall be effective unless made in writing and signed by each of the Parties.

26. All notices or other communication contemplated to be given by Canada or NL under this 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:

To Canada:

Director General
Natural Resources Canada
Electricity Resources Branch
580 Booth Street, 17th Floor, Room: C7-2
Ottawa, Ontario K1A 0E4
Canada

Telephone: 343-292-6200
Facsimile: 613-947-4205
Email: niall.odea@canada.ca

With a copy to:

Director,
Natural Resources Canada
Renewable and Electrical Energy Division
580 Booth Street, 17th Floor, Room: B7-3
Ottawa, Ontario K1A 0E4
Canada

Telephone: 343-292-6183
Facsimile: 613-947-4205
Email: andre.bernier@canada.ca

To NL:

Government of Newfoundland and Labrador
Department of Natural Resources
P. O. Box 8700
St. John's, NL
A1B 4J6
Attention: Deputy Minister

With a copy to:

Government of Newfoundland and Labrador
Department of Natural Resources
P. O. Box 8700
St. John's, NL
A1B 4J6
Attention: Associate Deputy Minister - Energy

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

[Signature Page to follow on the next page]

Executed as of the 16th day of May, 2017

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as Represented by THE MINISTER OF NATURAL RESOURCES

Per: _____

The Honourable Jim Carr, P.C., M.P.
Minister of Natural Resources

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by THE MINISTER FOR INTERGOVERNMENTAL AFFAIRS, THE MINISTER OF NATURAL RESOURCES, AND THE MINISTER OF FINANCE

The Honourable Dwight Ball
Premier and Minister for Intergovernmental Affairs

The Honourable Siobhan Coady
Minister of Natural Resources

The Honourable Cathy Bennett
Minister of Finance

SCHEDULE "A"

DEFINITIONS

"Additional Federal Loan Guarantee" has the meaning ascribed thereto in paragraph E of the recitals;

"Additional FLG Agreement" has the meaning ascribed thereto in paragraph E of the recitals;

"Additional Guarantee Agreements" means, as applicable, (i) the Additional Federal Loan Guarantee, as defined in the MF/LTA MDA, and (ii) the Additional Federal Loan Guarantee, as defined in the LIL MDA;

"Agreement" means this amended and restated agreement, including all schedules, as it may be modified, amended, supplemented, or restated from time to time by written agreement between the Parties;

"Business Day" means any day that is not a Saturday, Sunday or legal holiday recognized in the City of St. John's, NL or in Ottawa, ON;

"Canada" has the meaning ascribed thereto in the introduction to this Agreement;

"Costs" includes costs, losses, claims, liabilities, actions or damages incurred by Canada, net of all recoveries in respect of such costs, losses, claims, liabilities, actions or damages, including amounts recovered by Canada in any Realization Proceeding or Enforcement Proceeding undertaken by Canada, without obligation on the part of Canada to take such Realization Proceeding or Enforcement Proceeding;

"Effective Dates" has the meaning ascribed thereto in section 2 hereof;

"Enforcement Proceeding" with respect to any person (which in this Agreement shall include a partnership and a trust), refers to any personal action, provisional measure, any other real or personal right, any other remedy whether same is exercised under the terms of any security or any other recourse whatsoever and including, without limitation:

1. 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;
2. the right to institute or prosecute any litigation, legal action, lawsuit or other proceeding (whether civil or administrative) by or before any governmental authority;

3. the right, whether legal or contractual, to effect set-off;

4. the right to initiate or prosecute Insolvency Proceedings or Realization Proceedings; and the exercise of the rights of a creditor under any Insolvency Proceeding;

"Federal Loan Guarantee" has the meaning ascribed thereto in paragraph B of the recitals;

"FLG Agreement" has the meaning ascribed thereto in paragraph B of the recitals;

"Formal Agreements" means, as applicable, (i) the Guarantee Transaction Documents as defined in the MF/LTA MDA and (ii) the Guarantee Transaction Documents as defined in the LIL MDA;

"Funding Vehicle" means, as applicable, (i) the Funding Vehicle as defined in the MF/LTA MDA and (ii) the Funding Vehicle as defined in the LIL MDA;

"Government Action" has the meaning ascribed thereto in section 5 hereof;

"Guarantee Agreements" means, as applicable, (i) the Federal Loan Guarantee as defined in the MF/LTA MDA and (ii) the Federal Loan Guarantee as defined in the LIL MDA;

"Guaranteed Debt" means, as applicable, the Guaranteed Obligations as such term is defined in each of the Guarantee Agreements;

"Indemnifiable Event" has the meaning ascribed thereto in section 4 hereof;

"Initial Guarantee Agreements" means, as applicable, (i) the Initial Federal Loan Guarantee, as defined in the MF/LTA MDA, and (ii) the Initial Federal Loan Guarantee, as defined in the LIL MDA;

"Insolvency Proceeding" refers to any proceeding in connection with:

1. an assignment for the benefit of creditors, the filing of a petition in bankruptcy, a proposal or a notice of intention under the *Bankruptcy and Insolvency Act* (Canada) or any other similar law of any other jurisdiction;

2. the adjudication of any person as insolvent or bankrupt;

3. 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

4. any person or any property of any person under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the

Corporations Act (NL) or any other reorganization, arrangement, readjustment, composition, dissolution, winding-up or liquidation law of any jurisdiction, whether now or hereafter in effect;

"LIL" has the meaning ascribed thereto in paragraph A of the recitals;

"LIL MDA" means the master definition agreement dated on or about the 29th day of November, 2013, entered into among Canada, NL, and others in relation to LIL, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time;

"LTA" has the meaning ascribed thereto in paragraph A of the recitals;

"MF" has the meaning ascribed thereto in paragraph A of the recitals;

"MF/LTA MDA" means the master definition agreement dated on or about the 29th day of November, 2013, entered into among Canada, NL, and others in relation to MF and LTA, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time;

"Nalcor" has the meaning ascribed thereto in paragraph A of the recitals;

"NL" has the meaning ascribed thereto in the introduction to this Agreement;

"Nova Scotia" means Her Majesty in Right of Nova Scotia;

"Operative Documents" means, collectively (i) the Muskrat/LTA Project Finance Documents as defined in the MF/LTA MDA and (ii) the Project Finance Documents as defined in the LIL MDA;

"Party" and **"Parties"** have the meaning ascribed thereto in the introduction to this Agreement;

"Projects" have the meaning ascribed thereto in paragraph A of the recitals and "Project" shall mean any one of them;

"Project Costs" means, as applicable, (i) MF Project Costs and LTA Project Costs as defined under the MF/LTA MDA and (ii) Project Costs as defined under the LIL MDA;

"Project Debt" means, collectively, all present and future indebtedness, liabilities, and obligations of any kind, nature, or description whether direct or indirect, joint or several or joint and several, absolute or contingent, matured or unmatured of any Project Entity arising, as applicable, under (i) the Muskrat/LTA Project Finance Agreement as defined in the MF/LTA MDA and (ii) the LIL Project Finance Agreement as defined in the LIL MDA;

"Project Entities" means Muskrat Falls Corporation, Labrador Transmission Corporation and Labrador - Island Link Limited Partnership;

"Realization Proceeding", with respect to any person refers to:

1. any remedy or recourse granted to such person against another person or the properties or assets of such other person as a result of such first person holding, directly or beneficially, liens, mortgages or security interests on the properties or assets of such other person including, without limitation:

    i. the right to require the surrender of the properties or assets subject to such liens, mortgages or security interests;

    ii. the right to exercise any mortgage recourse or to foreclose on the properties or assets subject to such liens, mortgages or security interests;

    iii. the right to withdraw any authorization to collect accounts subject to such liens or security interests;

    iv. the right to vote any capital stock subject to such liens or security interests or to withdraw any power of attorney to vote any such Capital Stock; and

    v. the right to take possession, administer, sell or lease any of the properties or assets subject to such liens, mortgages or security interests;

2. the right to seize or request the seizure of the properties or assets of any other person; and

3. the right to institute or prosecute any litigation seeking injunctive relief.

SCHEDULE "B"
NL FLG AGREEMENT COMMITMENTS

	NL Commitment:	Satisfied By:
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.	• Orders-in-council (OIC) for each of MF, LIL & LTA (as per s. 14.1 of the NL *Energy Corporation Act* (the ECA) which provides for incorporation of subsidiaries by OIC • OIC authorizing Nalcor and subsidiaries to borrow and issue security for repayment by bonds, mortgages, etc. • Approval of Nalcor re: borrowing by subsidiaries (see s. 14.1(3) of the ECA) • Review of by-laws and board resolutions of Nalcor and subsidiaries
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.	• Execution of Equity Support Agreement and Equity Support Guarantee by Nalcor and NL respectively
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	• Execution of (i) Power Purchase Agreement between Muskrat

	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.	Falls Corporation (MF Co) and NL Hydro and (ii) Generator Interconnection Agreement (GIA) between MF Co, Labrador Transmission Corporation (LTA Co) and NL Hydro • OIC restraining the NL Board of commissioners of Public Utilities (PUB) from exercising itspowers or performing its duties upon MF achieving in-service where such exercise or performance would result in regulated rates for NL Hydro insufficient to collect the revenue required to recover amounts incurred for the purchase and delivery of energy from MF Co
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	• Execution of (i) Transmission Funding Agreement between Labrador-Island Link Limited Partnership (LIL LP), Labrador-Island Link Operating Corporation (LIL Opco) NL Hydro, (ii) the LIL Assets Agreement between LIL LP and LIL Opco and (iii) LIL Lease between LIL LP, LIL Opco and NL Hydro

	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; b) operating and maintenance costs; c) applicable taxes and fees; and d) extraordinary or emergency repairs.	• OIC restraining the PUB from exercising its powers or performing its duties upon LIL achieving in-service where such exercise or performance would result in regulated rates for NL Hydro insufficient to collect the revenue required to recover amounts incurred for transmission services
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.	• Execution of GIA • OIC restraining PUB from exercising its powers or performing its duties upon LTA achieving in-service where such exercise or performance would result in regulated rates insufficient to provide for a recovery of costs over the life of the LTA

SCHEDULE C

EQUITY SUPPORT AGREEMENTS

LIL Equity Support Agreement entered into as of the 29th day of November, 2013, among Nalcor Energy, Labrador-Island Link Holding Corporation, Labrador-Island Link General Partner Corporation, Labrador-Island Link Limited Partnership and The Toronto-Dominion Bank, as Collateral Agent, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time.

Guarantee for LIL Equity Support Agreement entered into as of the 29th day of November, 2013, between Her Majesty the Queen in right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time.

MF Equity Support Agreement entered into as of the 29th day of November, 2013, between Nalcor Energy, Muskrat Falls Corporation and The Toronto-Dominion Bank, as Collateral Agent, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time.

Guarantee for MF Equity Support Agreement entered into as of the 29th day of November, 2013, between Her Majesty the Queen in right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time.

LTA Equity Support Agreement entered into as of the 29th day of November, 2013, between Nalcor Energy, Labrador Transmission Corporation and The Toronto-Dominion Bank, as Collateral Agent, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time.

Guarantee for LTA Equity Support Agreement entered into as of the 29th day of November, 2013, between Her Majesty the Queen in right of the Province of Newfoundland and Labrador and The Toronto-Dominion Bank, as Collateral Agent, as same may be amended, restated, supplemented or otherwise modified or replaced from time to time.

NALCOR ENERGY

and

MUSKRAT FALLS CORPORATION

MF EQUITY FUNDING AGREEMENT

DATED AS OF NOVEMBER 29, 2013

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MF EQUITY FUNDING AGREEMENT

THIS MF EQUITY FUNDING AGREEMENT ("**Agreement**") is made effective the Twenty-Ninve day of November, 2013 (the "**Effective Date**")

BETWEEN:

NALCOR ENERGY, a corporation existing pursuant to *the Energy Corporation Act* (Newfoundland and Labrador) ("**Nalcor**")

□ and □

MUSKRAT FALLS CORPORATION, a corporation incorporated pursuant to the laws of the Province of Newfoundland and Labrador and a wholly-owned subsidiary of Nalcor ("**Muskrat**")

NOW THEREFORE in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the PPA, provided that in this Agreement, including the recitals hereto, the following words and expressions, wherever used, shall have the following meanings:

"**Agreement**" means this agreement, including all Schedules, as it may be modified, amended, supplemented or restated by written agreement between the Parties;

"**Cash Call**" means the process described in **Appendix A**, provided however that Cash Calls shall in all cases be limited to amounts required to fund the MF Equity Rateable Share of Development Activities not otherwise funded by way of the Financing;

"**Cash Call Due Date**" has the meaning set forth in **Appendix A**;

"**Effective Date**" has the meaning set forth at the top of Page 1 of this Agreement;

"**Master Definitions Agreement**" the master definitions agreement dated as of November 29, 2013 entered into among, *inter alia*, The Toronto-Dominion Bank, as collateral agent, Her Majesty The Queen in Right of Canada, BNY Trust Company of Canada, as issuer trustee of Muskrat Falls/Labrador Transmission Assets Funding Trust, Nalcor, Her Majesty The Queen in Right of the Province of Newfoundland and Labrador, Muskrat, Labrador Transmission Corporation and Computershare Trust Company of Canada, as security trustee.

"**MF Equity Rateable Share**" has the meaning ascribed to it in the Master Definitions Agreement;

"**MF Equity Support Agreement**" means the MF Equity Support Agreement dated as of November 29, 2013 entered into among Nalcor and Muskrat;

"**Muskrat**" has the meaning set forth in the preamble to this Agreement, and includes its successors and permitted assigns;

"**Nalcor**" has the meaning set forth in the preamble to this Agreement, and includes its successors and permitted assigns, provided that Nalcor is acting herein as its personal capacity and not as an agent of the NL Crown;

"**Notice**" means communication required or contemplated to be given by either Party to the other under this Agreement, which communication shall be given in accordance with **Section 4.1**;

"**PPA**" means the Power Purchase Agreement dated as of November 29, 2013 entered into among Newfoundland and Labrador Hydro and Muskrat on [●], 2013; and

"**Parties**" means Nalcor and Muskrat and "**Party**" means one of them.

1.2 Construction of Agreement

(a) Interpretation Not Affected by Headings, etc. - The division of this Agreement into articles, sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, all references to an "**Article**," "**Section**," "**Schedule**" or "**Appendix**" followed by a number and/or a letter refer to the specified article, section, schedule or appendix of this Agreement. The terms "**this Agreement**," "**hereof**," "**herein**", "**hereby**," "**hereunder**" and similar expressions refer to this Agreement and not to any particular Article or Section hereof.

(b) Singular/Plural; Derivatives - Whenever the singular or masculine or neuter is used in this Agreement, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires. Where a term is defined herein, a capitalized derivative of such term has a corresponding meaning unless the context otherwise requires.

(c) Including - The word "**including**", when used in this Agreement, means "**including without limitation**".

(d) Accounting References - Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP, unless expressly stated otherwise.

(e) Currency - Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful money of Canada.

(f) Trade Meanings - Terms and expressions that are not specifically defined in this Agreement, but which have generally accepted meanings in the custom, usage and literature of the electricity industry in Canada as of the date of this Agreement, shall have such generally accepted meanings when used in this Agreement, unless otherwise specified elsewhere in this Agreement.

(g) Statutory References - Any reference in this Agreement to a statute shall include, and shall be deemed to be, a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto (including changes to section numbers referenced herein) and in force from time to time, and to any statute or regulation that may be passed that has the effect of supplementing or replacing the statute so referred to or the regulations made pursuant thereto, and any reference to an order, ruling or decision shall be deemed to be a reference to such order, ruling or decision as the same may be varied, amended, modified, supplemented or replaced from time to time.

(h) Terms Defined in Schedules - Terms defined in a Schedule or part of a Schedule to this Agreement shall, unless otherwise specified in such Schedule or part of a Schedule or elsewhere in this Agreement, have the meaning set forth only in such Schedule or such part of such Schedule.

(i) Calculation of Time - Where, in this Agreement, a period of time is specified or calculated from or after a date or event, such period is to be calculated excluding such date or the date on which such event occurs, as the case may be, and including the date on which the period ends.

(j) Time Falling on Non-Business Day - Whenever the time for doing something under this Agreement falls on a day that is not a Business Day such action is to be taken on the first following Business Day.

(k) No Drafting Presumption - The Parties acknowledge that their respective legal advisors have reviewed and participated in settling the terms of this Agreement and agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not apply to the interpretation of this Agreement.

(l) Approvals, etc. - Except where otherwise expressly provided herein, whenever an action referred to in this Agreement is to be "**approved**", "**decided**"o r" **determined**" by a Party or requires a Party's or its Representative's "**consent**", then (i) such approval, decision, determination or consent by a Party or its Representative must be in writing, and (ii) such Party or Representative shall be free to take such action having regard to that Party's own interests, in its sole and absolute discretion.

(m) Subsequent Agreements - Whenever this Agreement requires the Parties to attempt to reach agreement on any matter, each Party shall use commercially reasonable efforts to reach agreement with the other Party, negotiating in good faith in a manner characterized by honesty in fact and the observance of reasonable commercial standards of fair dealing.

(n) References to Other Agreements - Any reference in this Agreement to another agreement shall be deemed to be a reference to such agreement and all amendments made thereto in accordance with the provisions of such agreement (including changes to section numbers referenced herein) as of the Effective Date. When a term used in this Agreement is defined by reference to the definition contained in another agreement, the definition used in this Agreement shall be as such is defined in the applicable agreement as of the Effective Date.

1.3 Conflicts Between Parts of Agreement

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule or any document delivered pursuant to this Agreement, the provision of the body of this Agreement shall prevail.

1.4 Applicable Law and Submission to Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of NL and the Federal laws of Canada applicable therein, but excluding all choice-of-law provisions. Each Party irrevocably consents and submits to the exclusive jurisdiction of the courts of NL with respect to all matters relating to this Agreement, subject to any right of appeal to the Supreme Court of Canada. Each Party waives any objection that it may now or hereafter have to the determination of venue of any proceeding in such courts relating to this Agreement or that it may now or hereafter have that such courts are an inconvenient forum.

1.5 Appendices

Appendix A – Cash Call Procedure

ARTICLE 2
CASH CALLS

2.1 Addressee of Cash Calls

On and after the date hereof until the Commissioning Date, whenever a Cash Call is made by Muskrat, such Cash Call shall be addressed only to Nalcor.

2.2 Payment of Cash Call

Subject to sections 2.9.3 and 2.9.6 to 2.9.9 of the MF Equity Support Agreement, upon receipt of such a Cash Call, Nalcor, at its option, on or before the relevant Cash Call Due Date or such later date as may be agreed between the Parties, shall pay or cause to be paid the full amount of such Cash Call provided that in each instance, Nalcor shall be liable in full to Muskrat for the payment being made on the due date in accordance with the Cash Call.

2.3 Credit to Relevant Capital Account

Upon receipt of payment of a Cash Call, Muskrat shall:

(a) add an amount equal to the amount paid by Nalcor to the stated capital of the common shares of Muskrat; and

(b) confirm receipt of the funds by Notice to Nalcor.

2.4 Agreement

Nalcor's obligations under this Agreement are irrevocable.

ARTICLE 3
TERMINATION

3.1 Termination

This Agreement shall be in full force and effect from the Effective Date until the earliest of:

(a) the Commissioning Date;

(b) the date specified in a written agreement of the Parties to terminate, provided however that for so long as any amounts are outstanding under the Financing or Muskrat has the right to draw under the terms thereof, the Parties shall not terminate this Agreement; and

(c) the dissolution of Muskrat.

ARTICLE 4
MISCELLANEOUS PROVISIONS

4.1 Notices

Notices, where required herein, shall be in writing and shall be sufficiently given if delivered personally or by courier or sent by electronic mail or facsimile transmission, directed as follows:

To Muskrat:

Muskrat Falls Corporation
c/o Nalcor Energy
500 Columbus Drive
P.O. Box 15000, Station A
St. John's, NL A1B 0M4

with a copy to:

Attention: Corporate Secretary
Fax: 709-737-1782

To Nalcor:

Nalcor Energy
500 Columbus Drive
P.O. Box 12800
St. John's, NL A1B 0C9

Attention: Chief Executive Officer
Fax: 709-737-1782

Such Notice shall (i) if delivered personally or by courier, be deemed to have been given or made on the day of delivery, and (ii) if sent by electronic mail or facsimile transmission be deemed to have been given or made on the day it was successfully transmitted as evidenced by automatic confirmation of receipt; provided however that if in any case such day is not a Business Day or if the Notice is received after Regular Business Hours (time and place of receipt), the Notice shall be deemed to have been given or made on the next Business Day. Either Party may change its address or fax number hereunder from time to time by giving Notice of such change to each other Party.

4.2 Counterparts

This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Signatures delivered by facsimile or electronic mail shall be deemed for all purposes to be original counterparts of this Agreement.

4.3 Announcements

No announcement with respect to this Agreement shall be made by either Party without the prior approval of the other Party. The foregoing shall not apply to any announcement by a Party required in order to comply with any Applicable Law; provided that such Party consults with the other Party before making any such announcement and gives due consideration to the views of the other Party with respect thereto. Each Party shall use reasonable efforts to agree on the text of any proposed announcement.

4.4 Further Assurances

Each Party shall, from time to time, do all such acts and things and execute and deliver, from time to time, all such further documents and assurances as may be reasonably necessary to carry out and give effect to the terms of this Agreement.

4.5 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be wholly or partially illegal, invalid, void, voidable or unenforceable in any jurisdiction for any reason, such illegality, invalidity or unenforceability shall not affect the legality, validity and enforceability of the balance of this Agreement or its legality, validity or enforceability in any other jurisdiction. If any provision is so determined to be wholly or partially illegal, invalid or unenforceable for any reason, each Party shall negotiate in good faith and execute a

new legal, valid and enforceable provision to replace such illegal, invalid or unenforceable provision, which, as nearly as practically possible, has the same effect as the illegal, invalid or unenforceable provision.

4.6 Time of the Essence

Time shall be of the essence.

4.7 Amendments

No amendment or modification to this Agreement shall be effective unless it is in writing and signed by each Party.

4.8 No Waiver

Any failure or delay of a Party to enforce any of the provisions of this Agreement or to require compliance with any of its terms shall not affect the validity of this Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Party thereafter to enforce any and each such provision. Any consent or approval given by a Party pursuant to this Agreement shall be limited to its express terms and shall not otherwise increase the obligations of such Party or otherwise reduce the obligations of the Party receiving such consent or approval.

4.9 No Third Party Beneficiaries

Except as otherwise provided herein or permitted hereby, this Agreement is not made for the benefit of any Person not a party to this Agreement, and no Person other than the Parties or their respective successors and permitted assigns shall acquire or have any right, remedy or claim under or by virtue of this Agreement.

4.10 Survival

All provisions of this Agreement that expressly or by their nature are intended to survive the termination (however caused) of this Agreement, including covenants, warranties, guarantees, releases and indemnities, continue as valid and enforceable rights and obligations (as the case may be) of the Parties, notwithstanding any such termination, until they are satisfied in full or by their nature expire.

4.11 Assignment

No Party may assign its rights hereunder except that Muskrat may assign its rights, title and interests hereunder to the Financing Parties in connection with the Financing.

4.12 Successors and Assigns

This Agreement shall be binding upon and enure to the benefit each of the Parties and their respective successors and permitted assigns.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement the day and year first above written:

NALCOR ENERGY

By: _____
Name:
Title:

By: _____
Name:
Title:

We have authority to bind the corporation.

MUSKRAT FALLS CORPORATION

By: _____
Name:
Title:

By: _____
Name:
Title:

We have authority to bind the corporation.

Appendix "A"
CASH CALL PROCEDURE

1. In order to facilitate cash flow planning for Muskrat, and to ensure the timely availability of funds required to enable Muskrat to pay for the Development Activities (**"Funding Amounts"**), Muskrat shall provide to Nalcor, no later than the last Business Day of each of March, June, September and December, a report (each a **"Quarterly Report"**) setting forth a forecast of required:

   (a) Funding Amounts for the entire 15 month period covered by the Quarterly Report containing forecasted monthly Funding Amounts for each of the first six calendar months and the quarterly Funding Amounts for the remaining period; and

   (b) Cash Call Amounts required of Nalcor for the first six calendar months covered by the Quarterly Report,

   expressed in each applicable currency.

2. On a monthly basis, or whenever Muskrat determines that it is appropriate to do so, Muskrat shall give to Nalcor a Notice of requirement to pay (each a **"Cash Call"**) setting out the amounts and currencies of funds which must be paid by Nalcor as its contribution to Funding Amounts (the **"Cash Call Amount"**).

3. A Cash Call shall detail the required Cash Call Amounts for the calendar month immediately following the calendar month in which the Cash Call is given or such other subsequent period as Muskrat determines is appropriate (**"Cash Call Period"**) and shall specify:

   (a) the date on which it is given;

   (b) the Cash Call Period;

   (c) the Cash Call Amount;

   (d) the date on which the Cash Call Amount is due and payable (**"Cash Call Due Date"**) (which shall, subject to **Section 4** of this Cash Call Procedure, be the fifth Business Day after the date on which the Cash Call is given or such later date as the General Partner may designate in the Cash Call); and

   (e) the place of payment (which shall be a designated account at a named bank).

4. If the aggregate of Cash Call Amounts in respect of a particular Cash Call Period exceeds 130% of the forecast Cash Call Amount for such Cash Call Period set forth in the most recent Quarterly Report given by Muskrat not fewer than five Business Days prior to the giving of the Cash Call, the due date for such excess shall be the tenth Business Day after the date on which any Cash Call requiring the payment of such excess (or any portion thereof) is given.

5. Nalcor, upon receiving a Cash Call shall pay, by electronic funds transfer, the Cash Call Amount to Muskrat, at the place of payment specified in the Cash Call, such that Muskrat receives value for that payment in the designated bank account on or before 10:30 am, St John's, NL time, on the Cash Call Due Date.

6. Muskrat shall credit to the stated capital of the ***[common]*** shares an amount equal to the amount received pursuant to the Cash Call with effect as of the date upon which the amount is received by Muskrat in the designated bank account.

7. Nalcor acknowledges that timely payment of Cash Call Amounts will be a prerequisite of Muskrat's ability to pay Funding Amounts on a timely basis and, after after the financial close relating to the Financing, to comply with the requirements under any Financing Documents to obtain advances under the Financing.

8. Where the Cash Call is in excess of actual Funding Amounts paid by Muskrat in the period covered by that Cash Call, such excess shall be applied to the next Cash Call issued by Muskrat after confirmation of the value of such excess amounts.

NALCOR EQUITY FUNDING AGREEMENT

DECEMBER 17, 2012

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NALCOR EQUITY FUNDING AGREEMENT

THIS NALCOR EQUITY FUNDING AGREEMENT ("**Agreement**") is made effective the 17th day of December, 2012 (the "**Effective Date**")

BETWEEN:

LABRADOR-ISLAND LINK HOLDING CORPORATION ("**Nalcor LP**")

- and -

LABRADOR-ISLAND LINK LIMITED PARTNERSHIP, a limited partnership formed pursuant to the laws of Newfoundland and Labrador (the "**Partnership**") acting by its general partner, **LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION** (the "**General Partner**")

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants and agreements hereinafter contained the Parties, intending to be legally bound, agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement and, subject to **Section 1.2(i)**, in the Appendices, capitalized terms which are defined in the NLDA and are not otherwise defined herein have the meanings ascribed thereto in the NLDA when used in this Agreement and the following terms shall have the meanings set forth below:

"**Agreement**" means this agreement, including all Appendices, as it may be modified, amended, supplemented or restated by written agreement between the Parties;

"**Cash Call**" means the process described in **Appendix A**, provided however that Cash Calls shall in all cases be limited to amounts required to fund LIL Development Activities not otherwise funded by way of the Financing;

"**Cash Call Amount**" has the meaning set forth in **Appendix A**;

"**Cash Call Due Date**" has the meaning set forth in **Appendix A**;

"**Cash Call Period**" has the meaning set forth in **Appendix A**;

"**Funding Amounts**" has the meaning set forth in **Appendix A**;

"**Knowledge**" means in the case of either Party, as applicable, the actual knowledge of any of the executive officers of such Party and other facts or matters that such executive officers could reasonably be expected to discover or otherwise become aware of in the course of performing their ordinary responsibility as executive officers of such Party;

"**LIL LP Agreement**" means an agreement dated July 31, 2012 between Labrador-Island Link General Partner Corporation, as general partner, and Labrador-Island Link Holding Corporation, as limited partner, providing for the establishment and operation of the Labrador-Island Link Limited Partnership;

"**Nalcor LP Default**" has the meaning set forth in **Section 7.1**;

"**Nalcor LP Rights**" has the meaning set forth in **Section 6.2(a)**;

"**Newfoundland and Labrador Development Agreement**" or "**NLDA**" means the agreement between Nalcor, Emera Inc. and other parties relating, among other things, to the development of the Labrador-Island Link;

"**Partnership Default**" has the meaning set forth in **Section 7.3**;

"**Partnership Rights**" has the meaning set forth in **Section 6.1**;

"**Party**" means a Person party to this Agreement; and

"**Quarterly Report**" has the meaning set forth in **Appendix A**;

1.2 Construction of Agreement

(a) Interpretation Not Affected by Headings, etc. - The division of this Agreement into articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, all references to an "**Article**", "**Section**" or "**Appendix**" followed by a number and/or a letter refer to the specified article, section or appendix of this Agreement. The terms "**this Agreement**", "**hereof**", "**herein**", "**hereby**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular Article or Section hereof. All references to a given agreement, instrument or other document shall be a reference to that agreement, instrument or other document as modified, amended, supplemented and restated through the date as of which such reference is made.

(b) Singular/Plural; Derivatives - Whenever the singular or masculine or neuter is used in this Agreement, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires. Where a term is defined herein, a capitalized derivative of such term has a corresponding meaning unless the context otherwise requires.

(c) "Including" - The word "including", when used in this Agreement, means "including without limitation".

(d) Accounting References - Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with Canadian GAAP except where the application of such principles is inconsistent with, or limited by, the terms of this Agreement.

(e) Currency - Unless otherwise indicated, all dollar amounts referred to in this Agreement (including the Appendices) are in lawful money of Canada.

(f) Trade Meanings - Terms and expressions that are not specifically defined in this Agreement, but which have generally accepted meanings in the custom, usage and literature of the electricity industry in Canada as of the date of this Agreement, shall have such generally accepted meanings when used in this Agreement, unless otherwise specified elsewhere in this Agreement.

(g) Statutory References - Any reference in this Agreement to a statute shall include, and shall be deemed to be, a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto (including changes to section numbers referenced herein) and in force from time to time, and to any statute or regulation that may be passed that has the effect of supplementing or replacing the statute so referred to or the regulations made pursuant thereto, and any reference to an order, ruling or decision shall be deemed to be a reference to such order, ruling or decision as the same may be varied, amended, modified, supplemented or replaced from time to time.

(h) Terms Defined in Appendices - Terms defined in an Appendix or part of an Appendix to this Agreement shall, unless otherwise specified in such Appendix or part of an Appendix or elsewhere in this Agreement, have the meaning set forth only in such Appendix or such part of such Appendix.

(i) Calculation of Time - Where, in this Agreement, a period of time is specified or calculated from or after a date or event, such period is to be calculated excluding such date or the date on which such event occurs, as the case may be, and including the date on which the period ends.

(j) Time Falling on Non-Business Day - Whenever the time for doing something under this Agreement falls on a day that is not a Business Day such action is to be taken on the first following Business Day.

(k) No Drafting Presumption - The Parties acknowledge that their respective legal advisors have reviewed and participated in settling the terms of this Agreement and agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not apply to the interpretation of this Agreement.

(l) Approvals, etc. - Except where otherwise expressly provided herein, whenever an action referred to in this Agreement is to be "approved" or "determined" by a Party or requires a Party's "consent", then

(i) such approval, determination or consent by a Party must be in writing, and

(ii) such Party shall be free to take such action having regard to that Party's own interests, in its sole and absolute discretion.

1.3 Conflicts Between Parts of Agreement

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of an Appendix or any document delivered pursuant to this Agreement, the provision of the body of this Agreement shall prevail.

1.4 Applicable Law and Submission to Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of NL and the Federal laws of Canada applicable therein, but excluding all choice-of-law provisions. Subject to **Article 8**, the Parties irrevocably consent and submit to the exclusive jurisdiction of the courts of the Province of Newfoundland and Labrador with respect to all matters relating to this Agreement, subject to any right of appeal to the Supreme Court of Canada. Each Party waives any objection that it may now or hereafter have to the determination of venue of any proceeding in such courts relating to this Agreement or that it may now or hereafter have that such courts are an inconvenient forum.

1.5 Appendices

Appendix A – Cash Call Procedure

ARTICLE 2
SUBSCRIPTION

2.1 Addressee of Cash Calls

On and after the date hereof until Commissioning of the LIL, whenever a Cash Call is made by the Partnership, such Cash Call shall be addressed only to Nalcor LP.

2.2 Payment of Cash Call

Upon receipt of such a Cash Call, Nalcor LP, at its option, on or before the relevant Cash Call Due Date or such later date as may be agreed between the General Partner and Nalcor LP, shall pay or cause to be paid the full amount of such Cash Call provided that in each instance, Nalcor LP shall be liable in full to the Partnership for the payment being made on the due date in accordance with the Cash Call.

2.3 Credit to Relevant Capital Account

Upon receipt of payment of a Cash Call, the Partnership shall:

(a) add an amount equal to the amount paid by Nalcor LP to the Class A Limited Unit Capital Account (or to the Class C Limited Unit Capital Account, if the Cash Call was in respect to a Cost Overrun);

(b) add an amount equal to the amount paid by another Limited Partner, if applicable, to the appropriate Capital Account; and

(c) confirm receipt of the funds by Notice to the Limited Partners, as appropriate.

2.4 Agreement

Nalcor LP's obligations under this Agreement are irrevocable.

2.5 Cost Overruns

(a) If a Cost Overrun is contemplated or occurs which in the opinion of the General Partner, acting reasonably, is of a nature such that it can be expected that the PUB or other Authorized Authority will allow the amount of such Cost Overrun to be included in the Capital Costs of the LIL, the General Partner shall add the appropriate portion of such Cost Overrun to a request for a Capital Contribution, in money, made to the holder of the Class A Limited Units in accordance with **Appendix A**.

(b) (i) If a Cost Overrun is contemplated or occurs which in the opinion of the General Partner, acting reasonably, is of a nature such that it can be expected that the PUB or other Authorized Authority will not allow the amount of such Cost Overrun to be included in the Capital Costs of the LIL; or

(ii) if and to the extent that the PUB or other Authorized Authority declines to add to the Capital Costs of the LIL a Cost Overrun referred to in **Section 2.5(a)**,

the General Partner shall give notice thereof to the holder of the Class A Limited Units, which shall thereupon subscribe and pay for such number of Class C Limited Units, at $1.00 per Class C Limited Unit, as will provide the Partnership with cash equal to the amount of the Cost Overrun (an "**Overrun Contribution**"). An Overrun Contribution shall be credited to the Class C Limited Unit Capital Account.

(c) If an Overrun Contribution is made, the General Partner shall promptly return to the holder of the Class A Limited Units and the Class B Limited Units an amount equal to their respective contributions, if any, to the Cost Overrun.

(d) If a Cost Overrun referred to in **Section 2.5(b)(i)** occurs, but the PUB or other Authorized Authority subsequently allows the amount of such Cost Overrun to be added to the Capital Costs of the LIL, the Partnership shall return the appropriate amount of capital in respect of the Class C Limited Units and the Cost Overrun shall be dealt with as provided in **Section 2.5(a)**.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 **Nalcor LP**

Nalcor LP represents, warrants, covenants and agrees as of the Effective Date that:

(a) Nalcor LP is and shall continue to be a Wholly-Owned Subsidiary of Nalcor;

(b) Nalcor LP is and shall continue to be a corporation validly incorporated under the laws of NL and is and shall continue to be validly subsisting under the laws of, and is qualified to conduct its business in, NL;

(c) Nalcor LP is operating in NL, for securities law purposes is resident only in NL, and has its sole permanent establishment for provincial income tax purposes in NL;

(d) Nalcor LP has the capacity and authority to enter into and perform its obligations under this Agreement;

(e) Nalcor LP has full power and authority to execute this Agreement and all other agreements contemplated hereby required to be executed by it and to take all actions required pursuant hereto, and has obtained all necessary approvals of its directors and shareholders and such execution and the performance of its obligations under this Agreement do not and shall not conflict with or constitute a default under its articles, by-laws or any agreement by which it is bound; and

(f) Nalcor LP has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of Nalcor LP enforceable against Nalcor LP in accordance with its terms, except as the enforceability thereof may be limited by:

(i) bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally; and

(ii) general principles of equity whether considered in a proceeding in equity or at law.

3.2 **Survival of Representations, Warranties and Covenants**

The representations, warranties and covenants made pursuant to this **Article 3** above shall survive execution of this Agreement, and Nalcor LP covenants and agrees to ensure that

each representation, warranty and covenant made pursuant to this **Article 3** remains true so long as it remains a Partner.

ARTICLE 4
CONFIDENTIALITY

4.1 Confidentiality

(a) The Parties hereby agree that the confidentiality provisions contained at Article 13 of the LIL LP Agreement shall apply to the terms of this Agreement, *mutatis mutandis*.

(b) Each Party hereby agrees to the other Party making this Agreement public at any time and from time to time after the Effective Date.

ARTICLE 5
TERMINATION

5.1 Termination

This Agreement shall be in full force and effect from the Effective Date until the earliest of:

(a) the date specified in a written agreement of the Parties to terminate, provided however that for so long as any amounts are outstanding under the Financing or the Partnership has the right to draw under the terms thereof, the Parties shall not terminate this Agreement; and

(b) the dissolution of the Partnership.

ARTICLE 6
CHANGE OF CONTROL

6.1 Partnership Assignment Rights

The Partnership shall be entitled to assign without the prior written consent of Nalcor LP all or any portion of its interest in this Agreement or any other agreement relating to any of the foregoing (collectively, the "**Partnership Rights**") only in connection with any Financing.

6.2 Nalcor LP Assignment Rights

(a) General - Nalcor LP shall not be entitled to assign all or any portion of its interest in the Partnership, this Agreement, any claim or any other agreement relating to any of the foregoing (collectively, the "**Nalcor LP Rights**") without the prior written consent of the Partnership, which consent may be arbitrarily withheld.

(b) Agreement to be Bound - No assignment may be made of all or any portion of the Nalcor LP Rights by Nalcor LP unless Nalcor LP obtains the written agreement of all

Persons party to the assignment confirming that such Person shall, from and after the date of the assignment, be bound by the provisions of the assigned Nalcor LP Rights and all other relevant agreements affecting the Partnership and any Financing of the Partnership.

(c) Change of Control - A change in the direct or indirect shareholders of or shareholdings in an Nalcor LP Affiliate that would result in such Nalcor LP Affiliate no longer being a Nalcor LP Affiliate will be deemed to be an assignment of Nalcor LP Rights requiring the prior written consent of the Partnership pursuant to **Section 6.2(a)**, which consent may be arbitrarily withheld.

ARTICLE 7
DEFAULT BY NALCOR LP

7.1 Nalcor LP Events of Default

The occurrence of one or more of the following events shall constitute a default by Nalcor LP under this Agreement (a "**Nalcor LP Default**"):

(a) Nalcor LP is in default under this Agreement with respect to the payment of a Cash Call;

(b) Nalcor LP is in default or in breach of any other term, condition or obligation under this Agreement and, if the default or breach is capable of being cured, it continues for 30 days after the receipt by Nalcor LP of Notice thereof from the Partnership, unless the cure reasonably requires a longer period and Nalcor LP is diligently pursuing the cure, and it is cured within such longer period of time as is agreed by the Partnership;

(c) any representation or warranty made by Nalcor LP in this Agreement is false or misleading in any material respect;

(d) Nalcor LP or Nalcor ceases to carry on all or substantially all of its business or, except as permitted hereunder, transfers all or substantially all of its undertaking and assets; or

(e) any Insolvency Event occurs with respect to Nalcor LP or Nalcor.

7.2 Partnership Remedies upon Nalcor LP Event of Default

(a) General - Upon the occurrence of a Nalcor LP Default and at any time thereafter, provided the Partnership is in material compliance with its obligations under this Agreement and provided a right, remedy or recourse is not expressly stated in this Agreement as being the sole and exclusive right, remedy or recourse:

(i) the Partnership shall be entitled to exercise all or any of its rights, remedies or recourse available to it under this Agreement, the LIL LP Agreement or otherwise available at law or in equity; and

(ii) the rights, remedies and recourse available to the Partnership are cumulative and may be exercised separately or in combination.

(b) Remedies Unaffected - The exercise of, or failure to exercise, any available right, remedy or recourse does not preclude the exercise of any other rights, remedies or recourse or in any way limit such rights, remedies or recourse.

(c) Damages - The Partnership may recover all damages suffered by the Partnership that are due to a Nalcor LP Default, including, for the avoidance of doubt, any costs or expenses (including legal fees and expenses on a solicitor and his or her own client basis) reasonably incurred by the Partnership to recover any amounts owed to the Partnership by Nalcor or Nalcor LP under this Agreement, the LIL LP Agreement or any guarantee given be either of them.

(d) Guarantees - Upon the occurrence of a Nalcor LP Default, the Partnership may exercise and enforce any and all rights and remedies under any guarantee of performance or financial assurances held by the Partnership.

7.3 Partnership Events of Default

The occurrence of one or more of the following events shall constitute a default by the Partnership under this Agreement (a "**Partnership Default**"):

(a) the Partnership is in default or in breach of any term, condition or obligation under this Agreement, and, if the default or breach is capable of being cured, it continues for 30 days after the receipt by the Partnership of Notice thereof from Nalcor LP, unless the cure reasonably requires a longer period and the Partnership is diligently pursuing the cure, and it is cured within such longer period of time as is agreed by Nalcor LP;

(b) the Partnership ceases to carry on all or substantially all of its business or, except as permitted hereunder, transfers all or substantially all of its undertaking and assets; or

(c) any Insolvency Event occurs with respect to the Partnership.

7.4 Nalcor LP Remedy upon Partnership Event of Default

(a) General - Upon the occurrence of a Partnership Default and at any time thereafter, provided Nalcor LP is in material compliance with its obligations under this Agreement and provided a right, remedy or recourse is not expressly stated in this Agreement as being the sole and exclusive right, remedy or recourse:

(i) subject to the terms of the Financing Documents, Nalcor LP shall no longer be required to perform any of its obligations hereunder, including for avoidance of doubt, the obligation to fund Cash Calls, and shall be entitled to exercise all or any of its rights, remedies or recourse available to it under this Agreement, the LIL LP Agreement or otherwise available at law or in equity; and

(ii) the rights, remedies and recourse available to Nalcor LP are cumulative and may be exercised separately or in combination.

(b) Remedies Unaffected - The exercise of, or failure to exercise, any available right, remedy or recourse does not preclude the exercise of any other rights, remedies or recourse or in any way limit such rights, remedies or recourse.

(c) Damages - Nalcor LP may recover all damages suffered by Nalcor LP that are due to a Partnership Default, including, for the avoidance of doubt, any costs or expenses (including legal fees and expenses on a solicitor and his or her own client basis) reasonably incurred by Nalcor LP to recover any amounts owed to Nalcor LP by the Partnership under this Agreement or the LIL LP Agreement.

ARTICLE 8
DISPUTE RESOLUTION

8.1 General

The Parties agree to resolve all Disputes in accordance with Article 15 of the LIL LP Agreement.

ARTICLE 9
MISCELLANEOUS PROVISIONS

9.1 Notices

Notices, where required herein, shall be in writing and shall be sufficiently given if delivered personally or by courier or sent by electronic mail or facsimile transmission, directed as follows:

To Nalcor LP:

c/o Nalcor Energy
500 Columbus Drive
P.O. Box 12800
St. John's, NL A1B 0C9
Attention: Chief Executive Officer
Fax: (709) 737-1782

with a copy to:

To the Partnership c/o the General Partner:

Labrador-Island Link General Partner Corporation
c/o Nalcor Energy
500 Columbus Drive
P.O. Box 12800
St. John's, NL A1B 0C9
Attention: Chief Executive Officer
Fax: (709) 737-1782

Such Notice shall (i) if delivered personally or by courier, be deemed to have been given or made on the day of delivery, and (ii) if sent by electronic mail or facsimile transmission and confirmed by a copy immediately sent by courier, be deemed to have been given or made on the day it was successfully transmitted by electronic mail or facsimile transmission as evidenced by automatic confirmation of receipt, provided however that if in any case such day is not a Business Day or if the Notice is received after Regular Business Hours (time and place of receipt), the Notice shall be deemed to have been given or made on the next Business Day. Either Party may change its address or fax number hereunder from time to time by giving Notice of such change to the other Party.

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This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Signatures delivered by facsimile or electronic mail shall be deemed for all purposes to be original counterparts of this Agreement.

9.3 Announcements

No announcement with respect to this Agreement shall be made by either Party without the prior approval of the other Party. The foregoing shall not apply to any announcement by a Party required in order to comply with Applicable Law; provided that such Party consults with the other Party before making any such announcement and gives due consideration to the views of the other Party with respect thereto. Both Parties shall use reasonable efforts to agree on the text of any proposed announcement.

9.4 Further Assurances

Each of the Parties shall, from time to time, do all such acts and things and execute and deliver, from time to time, all such further documents and assurances as may be reasonably necessary to carry out and give effect to the terms of this Agreement.

9.5 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be wholly or partially illegal, invalid, void, voidable or unenforceable in any jurisdiction for any

reason, such illegality, invalidity or unenforceability shall not affect the legality, validity and enforceability of the balance of this Agreement or its legality, validity or enforceability in any other jurisdiction. If any provision is so determined to be wholly or partially illegal, invalid or unenforceable for any reason, the Parties shall negotiate in good faith a new legal, valid and enforceable provision to replace such illegal, invalid or unenforceable provision, which, as nearly as practically possible, has the same effect as the illegal, invalid or unenforceable provision.

9.6 Time of the Essence

Time shall be of the essence.

9.7 Amendments

Subject to the Financing Documents, no amendment or modification to this Agreement shall be effective unless it is in writing and signed by both Parties.

9.8 No Waiver

Any failure or delay of either Party to enforce any of the provisions of this Agreement or to require compliance with any of its terms at any time during the term shall not affect the validity of this Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Party thereafter to enforce any and each such provision. Any consent or approval given by a Party pursuant to this Agreement shall be limited to its express terms and shall not otherwise increase the obligations of the Party giving such consent or approval or otherwise reduce the obligations of the Party receiving such consent or approval.

9.9 No Third Party Beneficiaries

Except as otherwise provided herein or permitted hereby, this Agreement is not made for the benefit of any Person not a party to this Agreement, and no Person other than the Parties or their respective successors and permitted assigns shall acquire or have any right, remedy or claim under or by virtue of this Agreement.

9.10 Waiver of Sovereign Immunity

A Party that now or hereafter has a right to claim sovereign immunity for itself or any of its assets hereby waives any such immunity to the fullest extent permitted by Applicable Law. This waiver includes immunity from (a) any proceedings under the Dispute Resolution Procedure; (b) any judicial, administrative or other proceedings to aid the Dispute Resolution Procedure; and (c) any confirmation, enforcement or execution of any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from the Dispute Resolution Procedure or any judicial, administrative or other proceedings commenced pursuant to this Agreement. Each Party acknowledges that its rights and obligations under this Agreement are of a commercial and not a governmental nature.

9.11 Survival

All provisions of this Agreement that expressly or by their nature are intended to survive the termination (however caused) of this Agreement, including covenants, warranties, guarantees, releases and indemnities, continue as valid and enforceable rights and obligations (as the case may be) of the Parties, notwithstanding any such termination, until they are satisfied in full or by their nature expire.

9.12 Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

LABRADOR-ISLAND LINK HOLDING CORPORATION

By: _____
Name: Mark Bradbury
Title: General Manager Finance - LCP

By: _____
Name: Peter H. Hickman
Title: Corporate Secretary

We have authority to bind the corporation.

LABRADOR-ISLAND LINK LIMITED PARTNERSHIP by its general partner, **LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION**

By: _____
Name: Derrick Sturge
Title: VP, Finance & CFO

By: _____
Name: Wayne D. Chamberlain
Title: General Counsel & Corporate Secretary

We have authority to bind the General Partner; the General Partner has authority to bind the Partnership.

Appendix A
to the Nalcor Equity Funding Agreement

CASH CALL PROCEDURE

CASH CALL PROCEDURE

1. In order to facilitate cash flow planning for the Partnership and the Limited Partners, and to ensure the timely availability of funds required to enable the Partnership to pay for the LIL Development Activities ("**Funding Amounts**"), the General Partner shall provide to the Limited Partners, no later than the last Business Day of each of March, June, September and December, a report (each a "**Quarterly Report**") setting forth a forecast of required:

   (a) Funding Amounts for the entire 15 month period (commencing on the first day after the date referred to above) covered by the Quarterly Report containing forecasted monthly Funding Amounts for each of the first six calendar months and the quarterly Funding Amounts for the remaining period; and

   (b) Cash Call Amounts required of each Limited Partner for the first six calendar months covered by the Quarterly Report,

   expressed in each applicable currency.

2. On a monthly basis, or whenever the General Partner determines that it is appropriate to do so, the General Partner shall give to the holders of the Class A Limited Units (and, if any Class B Limited Units are then issued and outstanding, shall concurrently give a copy to the holders of the Class B Limited Units) a Notice of requirement to pay (each a "**Cash Call**") setting out the amounts and currencies of funds which must be paid by such Unitholder as its contribution to Funding Amounts (the "**Cash Call Amount**"). For certainty, the General Partner shall, forthwith after LIL Sanction and the issue of the Class B Limited Units, make a Cash Call for a Cash Call Amount equal to the amount derived from the calculation set out in Section 5.8(a)(i) of the NLDA.

3. A Cash Call shall detail the required Cash Call Amounts for the calendar month immediately following the calendar month in which the Cash Call is given or such other subsequent period as the General Partner determines is appropriate ("**Cash Call Period**") and shall specify:

   (a) the date on which it is given;

   (b) the Cash Call Period;

   (c) the Cash Call Amount;

   (d) the date on which the Cash Call Amount is due and payable ("**Cash Call Due Date**") (which shall, subject to **Section 4** of this Cash Call Procedure, be the fifth Business Day after the date on which the Cash Call is given or such later date as the General Partner may designate in the Cash Call); and

   (e) the place of payment (which shall be a designated account at a named bank).

4. If the aggregate of Cash Call Amounts in respect of a particular Cash Call Period exceeds 130% of the forecast Cash Call Amount for such Cash Call Period set forth in the most recent Quarterly Report given by the General Partner not fewer than five Business Days prior to the giving of the Cash Call, the due date for such excess shall be the tenth Business Day after the date on which any Cash Call requiring the payment of such excess (or any portion thereof) is given.

5. The Unitholder receiving a Cash Call shall pay, by electronic funds transfer, the Cash Call Amount to the General Partner as general partner for the Partnership, at the place of payment specified in the Cash Call, such that the General Partner receives value for that payment in the designated bank account on or before 10:30 am, St John's, NL time, on the Cash Call Due Date.

6. The General Partner shall credit to the applicable Capital Account an amount equal to the amount received pursuant to the Cash Call with effect as of the date upon which the amount is received by the General Partner in the designated bank account.

7. The holder of the Class A Limited Units acknowledges that timely payment of Cash Call Amounts will be a prerequisite of the Partnership's ability to pay Funding Amounts on a timely basis and, after Financial Close, to comply with the requirements under the Financing Documents to obtain advances under the Financing.

8. Where the Cash Call is in excess of actual Funding Amounts paid by the General Partner in the period covered by that Cash Call, such excess shall be applied to the next Cash Call issued by the General Partner after confirmation of the value of such excess amounts.

NALCOR ENERGY

and

LABRADOR-ISLAND LINK HOLDING CORPORATION

and

LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION

and

LABRADOR-ISLAND LINK LIMITED PARTNERSHIP

and

THE TORONTO-DOMINION BANK

as Collateral Agent

LIL EQUITY SUPPORT AGREEMENT

DATED AS OF NOVEMBER 29, 2013

NL EQUITY SUPPORT AGREEMENT entered into at St. John's, Province of Newfoundland and Labrador, dated as of November 29, 2013.

AMONG: **NALCOR ENERGY**;

AND: **LABRADOR-ISLAND LINK HOLDING CORPORATION**;

AND: **LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION**;

AND: **LABRADOR-ISLAND LINK LIMITED PARTNERSHIP**;

AND: **THE TORONTO-DOMINION BANK,** as Collateral Agent;

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 Base Equity Contributions have been made by Nalcor prior to the date hereof, all of which have 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 Project Costs to be paid following the exhaustion of the Base Equity Commitment;

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 or the DSRA Prefunding, as the case may be;

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.

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 as of November 29, 2013 entered into among, *inter alia*, the Collateral Agent, 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.

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 the DSRA Prefunding or Commissioning, as the case may be, 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 Project Costs to be paid following the exhaustion of the Base Equity Commitment (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 Project Costs to be paid therewith following the exhaustion of the Base Equity Commitment;

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 or the DSRA Prefunding, as the case may be;

2.9.4 the Collateral Agent shall only release any Base Equity Contribution or Contingency 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 or Contingency Equity Contribution, as the case may be, 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 or Contingency Equity Contribution, as the case may be, 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 Project Costs intended to be paid therewith following the exhaustion of the Base Equity Commitment;

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 or the DSRA Prefunding, as the case may be; 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 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, the DSRA or the Cost Overrun Escrow Account, 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, the DSRA or the Cost Overrun Escrow Account, 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.

2.14 **Cost Overrun Escrow Account**

For the purposes of this Agreement and notwithstanding any provision to the contrary herein, the parties hereto acknowledge that:

2.14.1 the Cash Call Notice relating to any Base Equity Contribution or Contingency Equity Contribution set out above may include amounts required to fund the Cost Overrun Escrow Account, as such account is required to be funded under the terms of Section 10.28 of the LIL Project Finance Agreement;

2.14.2 such funding shall be deemed to be on account of Project Costs, the Equity Rateable Share and Debt Rateable Share of which shall be 100% and 0%, respectively, the amounts of any such funding shall be deposited directly into the Cost Overrun Escrow Account and be used exclusively in accordance with Section 10.28 of the LIL Project Finance Agreement, and such funding shall constitute a Base Equity Contribution or a Contingency Equity Contribution dependent on whether or not the Base Equity Commitment is then exhausted.

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:

Government of Newfoundland and Labrador
Department of Finance
P.O. Box 8700
St. John’s, NL
A1B 4J6

Attention: Deputy Minister

Facsimile: 709-729-2232
E-mail: dbrewer@gov.nl.ca

b) If to Nalcor:

Nalcor Energy
500 Columbus Drive
P.O. Box 12800, Station A
St. John's, NL A1B 4K7

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

c) If to Nalcor LP:

Labrador-Island Link Holding Corporation
500 Columbus Drive
P.O. Box 12900, Station A
St. John's, NL, Canada
A1B 0L9

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

d) If to GP:

Labrador-Island Link General Partner Corporation
500 Columbus Drive
P.O. Box 13000, Station A
St. John's, NL, Canada
A1B 0M1

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

e) If to the Partnership:

c/o **Labrador-Island Link General Partner Corporation**
500 Columbus Drive
P.O. Box 13000, Station A
St. John's, NL, Canada
A1B 0M1

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

f) If to Canada:

Jonathan Will
Director General
Natural Resources Canada
Electricity Resources Branch
580 Booth Street, 17th Floor, Room: C7-2
Ottawa, Ontario K1A 0E4
Canada

Telephone: 613-947-8236
Facsimile: 613-947-4205

E-mail : Jonathan.Will@NRCan-RNCan.gc.ca

with a copy to:

Anoop Kapoor
Director, Renewable and Electrical Division
Natural Resources Canada
Renewable and Electrical Energy Division
580 Booth Street, 17th Floor, Room: B7-3
Ottawa, Ontario K1A 0E4
Canada

Telephone: 613-996-5762
Facsimile: 613-947-4205

E-mail : Anoop.Kapoor@NRCan-RNCan.gc.ca

(g) If to the Collateral Agent:

The Toronto-Dominion Bank
The Toronto-Dominion Bank
TD Bank Tower
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

Attention: Michael A. Freeman, Vice-President, Loan Syndications - Agency

Facsimile: 416-944-6976

E-mail: Michael.freeman@tdsecurities.com

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: _____
Ed Martin
President and CEO

Per: _____
Derrick Sturge
VP, Finance & CFO

LABRADOR-ISLAND LINK HOLDING CORPORATION

Per: _____

Derrick Sturge
VP, Finance & CFO

Per: _____

Robert Hull
GM (Commercial & Financing) & CRO

LABRADOR-ISLAND LINK LIMITED PARTNERSHIP, by its general partner LABRADOR LINK GENERAL PARTNER CORPORATION,
AS DEBTOR

Per: _____
Gilbert Bennett
Vice President

Per: _____
Derrick Sturge
VP, Finance & CFO

LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION

Per: _____
Gilbert Bennett
Vice President

Per: _____
Derrick Sturge
VP, Finance & CFO

THE TORONTO-DOMINION BANK,
as Collateral Agent

Per: _____
Michael A. Freeman
Vice President, Loan Syndications - Agency

and Per: _____

NALCOR ENERGY

and

LABRADOR-ISLAND LINK HOLDING CORPORATION

and

LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION

and

LABRADOR-ISLAND LINK LIMITED PARTNERSHIP

and

THE TORONTO-DOMINION BANK
as Collateral Agent

AMENDED AND RESTATED
LIL EQUITY SUPPORT AGREEMENT

DATED AS OF JULY 16, 2015

AMENDED AND RESTATED LIL EQUITY SUPPORT AGREEMENT entered into at St. John's, Province of Newfoundland and Labrador, dated as of July 16, 2015.

AMONG: **NALCOR ENERGY**;

AND: **LABRADOR-ISLAND LINK HOLDING CORPORATION**;

AND: **LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION**;

AND: **LABRADOR-ISLAND LINK LIMITED PARTNERSHIP**;

AND: **THE TORONTO-DOMINION BANK**, as Collateral Agent;

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 a LIL equity support agreement dated as of November 29, 2013 was entered into among the LIL Parties and the Collateral Agent, for and on behalf of the GAA Finance Parties (the "**Principal ESA**");

WHEREAS it is a condition precedent to the financing being made available to the Partnership under the LIL Project Finance Documents that the parties hereto execute the Principal ESA 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 Base Equity Contributions have been made by Nalcor prior to the date hereof, all of which have 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 Project Costs to be paid following the exhaustion of the Base Equity Commitment;

WHEREAS Nalcor has also agreed to make COREA Equity Contributions to Nalcor LP in order to finance any Initial Cost Overrun Instalment Payment and any Annual Cost Overrun Instalment Payment required to be made pursuant to Section 10.28 of the LIL Project Finance Agreement;

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 or the DSRA Prefunding, as the case may be;

WHEREAS the financing under the LIL Project Finance Documents is 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 executed 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;

WHEREAS the parties hereto wish to amend certain provisions of the Principal ESA and to restate the Principal ESA as so amended in its entirety, but without novation, the whole as herein provided.

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 that the Principal ESA is hereby amended and restated in its entirety, but without novation, 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 amended and restated master definitions agreement dated as of the date hereof entered into among, *inter alia*, the Collateral Agent, 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.

2.2 GP Representations, Warranties and Covenants

2.2.1 The GP represents and warrants that pursuant to the NEFA:

2.2.1.1 it may issue to Nalcor LP a notice of requirement to pay on a monthly basis or whenever it determines it appropriate to do so; and

2.2.1.2 it may issue to Nalcor a notice annually by no later than each anniversary of the first IT Drawdown Date requiring Nalcor to invest in Nalcor LP by way of an equity contribution (each such contribution being a "**COREA Equity Contribution**"):

(i) on the first such anniversary, an amount equal to the Initial Cost Overrun Instalment Payment; and

(ii) on each anniversary date thereafter, an amount equal to the Initial Cost Overrun Instalment Payment and any Annual Cost Overrun Instalment Payment which under the terms of Section 10.28 of the LIL Project Finance Agreement is required to be made;

each such notice referred to in this subsection 2.2.1 being a "**Cash Call Notice**"; and

2.2.2 In furtherance of the power referred to in subsection 2.2.1, the GP covenants and agrees, to and in favour of the Collateral Agent, for the benefit of the GAA Finance Parties, that:

2.2.2.1 it shall issue a Cash Call Notice to Nalcor LP:

(i) each time that a Base Equity Contribution is required to be made at such time;

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

(iii) prior to the DSRA Prefunding or Commissioning, as the case may be, if a DSRA Equity Contribution is required to be made at such time;

2.2.2.2 it shall issue a Cash Call Notice to Nalcor each time an Initial Cost Overrun Instalment Payment and any Annual Cost Overrun Instalment Payment is required to be made under the terms of Section 10.28 of the LIL Project Finance Agreement;

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 LP, Nalcor, NL Crown, the Collateral Agent and Canada.

2.3 Base Equity Contribution Covenants

Subject expressly to the provisions of Sections 2.6, 2.7A and 2.9A, 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. Newfoundland Time, 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**"). It is acknowledged that a Nalcor Base Equity Contribution may include a COREA 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:

2.3.2.1 where such Nalcor Base Equity Contribution does not relate to a COREA 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 that specified in such Cash Call Notice, by depositing such amount in the Partnership Project Funding Account (each, a "**Nalcor LP Base Equity Contribution**"); and

2.3.2.2 where such Nalcor Base Equity Contribution relates to a COREA Equity Contribution, it shall by no later than the Required Base Equity Contribution Date deposit an amount equal to such contribution in the Cost Overrun Escrow Account.

For greater certainty, **(i)** the funds received by Nalcor LP and the Partnership as a result of each Nalcor Base Equity Contribution (other than a COREA 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 and **(ii)** the funds received by Nalcor LP as a result of a COREA Equity Contribution shall be used by Nalcor LP solely for the purpose of making deposits in the Cost Overrun Escrow Account required to be made pursuant to this Section.

2.4 Contingency Equity Contribution Covenants

Subject expressly to the provisions of Sections 2.6, 2.7, 2.7A and 2.9A, 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. Newfoundland Time, on the fifth Business Day following the receipt of any Cash Call Notice with respect to either Project Costs to be paid or COREA Equity Contributions to be made following the exhaustion of the Base Equity Commitment (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**"). It is acknowledged that a Nalcor Contingency Equity Contribution may include a COREA 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:

2.4.2.1 where such Nalcor Contingency Equity Contribution does not relate to a COREA 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 that specified in such Cash Call Notice, by depositing such amount in the Partnership Project Funding Account (each, a "**Nalcor LP Contingency Equity Contribution**"); and

2.4.2.2 where such Nalcor Contingency Equity Contribution relates to a COREA Equity Contribution, it shall, by no later than the Required Contingency Equity

Contribution Date deposit an amount equal to such contribution in the Cost Overrun Escrow Account.

For greater certainty, **(i)** the funds received by Nalcor LP and the Partnership as a result of each Nalcor Contingency Equity Contribution (other than a COREA 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, and **(ii)** the funds received by Nalcor LP as a result of a COREA Equity Contribution shall be used by Nalcor LP solely for the purpose of making deposits in the Cost Overrun Escrow Account required to be made pursuant to this Section

2.5 DSRA Equity Contribution Covenants

Subject expressly to the provisions of Sections 2.6, 2.7A and 2.9A, 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. Newfoundland Time 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**"); and

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 that specified in such Cash Call Notice, 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, the Cost Overrun Escrow 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, a COREA 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.

2.7A Proviso regarding Interest Income and Nalcor Contributions

Notwithstanding the provisions of Sections 2.3, 2.4 and 2.5 where on any date that under the terms hereof Nalcor is required to make a Nalcor Contribution (other than a COREA Equity Contribution), there remains on deposit in the Cost Overrun Escrow Account any "Interest Income" (as such expression is defined in the Nalcor LP Account Collateral Limited Recourse Security Agreement), then the amount that Nalcor shall be required to pay to Nalcor LP by way of such Nalcor Contribution (other than a COREA Equity Contribution) shall be reduced by the amount of such Interest Income. In order to make its concomitant Nalcor LP Contribution, upon receipt of such Nalcor Contribution (other than a COREA Equity Contribution), Nalcor LP shall utilize such Interest Income together with such Nalcor Contribution (other than a COREA Equity Contribution), such that the amount to be deposited in the Project Funding Account shall equal the amount requested under the relevant Cash Call Notice. Nalcor LP shall also be permitted to utilize such Interest Income for any funding of any Cash Call Notices which under the terms of Section 2.9A will be effected from the then outstanding balance in the Cost Overrun Escrow Account.

2.8 Fulfilment of Obligations

Notwithstanding any other provision hereof but subject to the provisions of Sections 2.7A and 2.9A, 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, the Cost Overrun Escrow 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 (other than a COREA 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 (other than a COREA 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 following the exhaustion of the Base Equity Commitment;

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 or the DSRA Prefunding, as the case may be;

2.9.4 the Collateral Agent shall only release any Base Equity Contribution or Contingency 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 or Contingency Equity Contribution, as the case may be, 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 or Contingency Equity Contribution, as the case may be, 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 (other than a COREA 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 (other than a COREA Equity Contribution) be used to fund anything other than the Equity Rateable Share of the Project Costs intended to be paid therewith following the exhaustion of the Base Equity Commitment;

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 or the DSRA Prefunding, as the case may be;

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 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); and

2.9.10 each COREA Equity Contribution shall be deposited forthwith in the Cost Overrun Escrow Account and upon the COREA Release Condition having been met, the outstanding balance in the Cost Overrun Escrow Account shall be available to Nalcor LP to be released from time to time in amounts equal to the lesser of the balance then outstanding in the Cost Overrun Escrow Account and the amount stipulated in the relevant Cash Call Notice received by Nalcor LP at any such time. Each of the amounts so released to Nalcor LP 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 which under the terms of Section 10.28 of the LIL Project Finance Agreement are intended to be funded therewith. Each such deposit in the Partnership Project Funding Account shall constitute a Contingency Equity Contribution and the provisions of this Agreement relating to such equity contributions shall apply to it.

2.9A Funding of Cash Call Notices prior and subsequent to the COREA Release Condition

Prior to the COREA Release Condition having been met, all Cash Call Notices shall be funded exclusively either by a Base Equity Contribution, a Contingency Equity Contribution or a DSRA Equity Contribution in accordance with the terms of this Agreement. Similarly, even after the COREA Release Condition has been met, where a Cash Call Notice pertains to a COREA Equity Contribution, the funding of such Cash Call Notice shall be made exclusively either by a Base Equity Contribution or a Contingency Equity Contribution in accordance with the terms of this Agreement. Upon the COREA Release Condition having been met and, up to Commissioning, at all times thereafter during which there exists a positive balance in the Cost Overrun Escrow Account, any Cash Call Notice (other than a Cash Call Notice pertaining to a COREA Equity Contribution) received by a Contributing Party shall be funded firstly from the then outstanding balance in the Cost Overrun Escrow Account and only to the extent that such outstanding balance is insufficient to fund in full the amount requested under such Cash Call Notice shall any Contributing Party be obliged under the terms hereof to make any Base Equity Contribution, Contingency Equity Contribution (other than a Contingency Equity Contribution referred to in subsection 2.9.10) or a DSRA Equity Contribution. In the event of such insufficient balance in the Cost Overrun Escrow Account, such Base Equity Contribution, Contingency Equity Contribution or DSRA Equity Contribution required to be made under the terms hereof shall be equal to the difference between the amount of funding requested by such Cash Call Notice and the then outstanding balance in the Cost Overrun Escrow Account.

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, 2.5 and 2.9A and subsection 2.9.10 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

Subject to Sections 2.7A and 2.9A, 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, the DSRA or the Cost Overrun Escrow Account, 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, COREA Equity Contributions or the DSRA Equity Contribution, as the case may be.

2.14 Cost Overrun Escrow Account

For the purposes of this Agreement and notwithstanding any provision to the contrary herein, the parties hereto acknowledge that:

2.14.1 the Cash Call Notice relating to any Base Equity Contribution or Contingency Equity Contribution set out above may include amounts required to fund the Cost Overrun Escrow Account, as such account is required to be funded under the terms of Section 10.28 of the LIL Project Finance Agreement; and

2.14.2 such funding shall be deemed to be on account of Project Costs, the Equity Rateable Share and Debt Rateable Share of which shall be 100% and 0%, respectively, the amounts of any such funding shall be deposited directly into the Cost Overrun Escrow Account and be used exclusively in accordance with Section 10.28 of the LIL Project Finance Agreement, and such funding shall constitute a Base Equity Contribution or a Contingency Equity Contribution dependent on whether or not the Base Equity Commitment is then exhausted.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

To induce the Intermediary Trust to make the lending 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:

Government of Newfoundland and Labrador
Department of Finance
P.O. Box 8700
St. John's, NL
A1B 4J6

Attention: Deputy Minister

Facsimile: 709-729-2232
E-mail: dbrewer@gov.nl.ca

b) If to Nalcor:

Nalcor Energy
500 Columbus Drive
P.O. Box 12800, Station A
St. John's, NL A1B 4K7

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

c) If to Nalcor LP:

Labrador-Island Link Holding Corporation
500 Columbus Drive
P.O. Box 12900, Station A
St. John's, NL, Canada
A1B 0L9

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

d) If to GP:

Labrador-Island Link General Partner Corporation
500 Columbus Drive
P.O. Box 13000, Station A
St. John's, NL, Canada
A1B 0M1

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

e) If to the Partnership:

c/o **Labrador-Island Link General Partner Corporation**
500 Columbus Drive
P.O. Box 13000, Station A
St. John's, NL, Canada
A1B 0M1

Attention: Corporate Secretary

Facsimile: 709-737-1782
E-mail: wchamberlain@nalcorenergy.com

f) If to Canada:

Director General
Natural Resources Canada
Electricity Resources Branch
580 Booth Street, 17th Floor, Room: C7-2
Ottawa, Ontario K1A 0E4
Canada

Telephone: 343-292-6200
Facsimile: 613-947-4205

with a copy to:

Director, Renewable and Electrical Energy Division
Natural Resources Canada
Renewable and Electrical Energy Division
580 Booth Street, 17th Floor, Room: B7-3
Ottawa, Ontario K1A 0E4
Canada

Telephone: 343-292-6183
Facsimile: 613-947-4205

(g) If to the Collateral Agent:

The Toronto-Dominion Bank
The Toronto-Dominion Bank
TD Bank Tower
66 Wellington Street West
9th Floor
Toronto, Ontario M5K 1A2

Attention: Michael A. Freeman, Vice-President, Loan Syndications - Agency

Facsimile: 416-944-6976

E-mail: Michael.freeman@tdsecurities.com

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.

4.10 Coming into Force of this Agreement

Notwithstanding the execution of this Agreement by the parties hereto, the provisions hereof shall not come into force and the provisions of the Principal ESA shall continue to bind the parties hereto until the LIL Amendment and Restatement Effective 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 LIMITED PARTNERSHIP, by its general partner, LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION

Per: _____

Derrick Sturge
VP, Finance & CFO

Per: _____

James Meaney
General Manager, Finance

LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION

Per: _____

Derrick Sturge
VP, Finance & CFO

Per: _____

James Meaney
General Manager, Finance

THE TORONTO-DOMINION BANK,
as Collateral Agent

Per: _____
Michael A. Freeman
Vice President, Loan Syndications - Agency

and Per: _____

NALCOR ENERGY

and

LABRADOR TRANSMISSION CORPORATION

LTA EQUITY FUNDING AGREEMENT

DATED AS OF NOVEMBER 29, 2013

TABLE OF CONTENTS

LTA EQUITY FUNDING AGREEMENT

THIS LTA EQUITY FUNDING AGREEMENT ("**Agreement**") is made effective the Twenty-Ninth day of November 2013 (the "**Effective Date**")

BETWEEN:

NALCOR ENERGY, a corporation existing pursuant to *the Energy Corporation Act* (Newfoundland and Labrador) ("**Nalcor**")

□ and □

LABRADOR TRANSMISSION CORPORATION, a corporation incorporated pursuant to the laws of the Province of Newfoundland and Labrador and a wholly-owned subsidiary of Nalcor ("**Labrador Transco**")

NOW THEREFORE in consideration of the mutual covenants contained in this Agreement, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the GIA, provided that in this Agreement, including the recitals hereto, the following words and expressions, wherever used, shall have the following meanings:

"**Agreement**" means this agreement, including all Schedules, as it may be modified, amended, supplemented or restated by written agreement between the Parties;

"**Cash Call**" means the process described in **Appendix A**, provided however that Cash Calls shall in all cases be limited to amounts required to fund the LTA Equity Rateable Share of Development Activities not otherwise funded by way of the Financing;

"**Cash Call Due Date**" has the meaning set forth in **Appendix A**;

"**Effective Date**" has the meaning set forth at the top of Page 1 of this Agreement;

"**GIA**" means the Generator Interconnection Agreement dated as of November 29, 2013 entered into among Newfoundland and Labrador System Operator, Muskrat Falls Corporation and Labrador Transco;

"**Labrador Transco**" has the meaning set forth in the preamble to this Agreement, and includes its successors and permitted assigns;

"**LTA Equity Rateable Share**" has the meaning ascribed to it in the Master Definitions Agreement;

"**LTA Equity Support Agreement**" means the LTA Equity Support Agreement dated as of November 29, 2013 entered into among Nalcor and Labrador Transco;

"**Master Definitions Agreement**" the master definitions agreement dated as of November 29, 2013 entered into among, *inter alia*, The Toronto-Dominion Bank, as collateral agent, BNY Trust Company of Canada, as issuer trustee of Muskrat Falls/Labrador Transmission Assets Funding Trust, Nalcor, Her Majesty The Queen in Right of the Province of Newfoundland and Labrador, Muskrat Falls Corporation, Labrador Transco and Computershare Trust Company of Canada, as security trustee.

"**Nalcor**" has the meaning set forth in the preamble to this Agreement, and includes its successors and permitted assigns, provided that Nalcor is acting herein as its personal capacity and not as an agent of the NL Crown;

"**Notice**" means communication required or contemplated to be given by either Party to the other under this Agreement, which communication shall be given in accordance with **Section 4.1**; and

"**Parties**" means Nalcor and Labrador Transco and "**Party**" means one of them.

1.2 Construction of Agreement

(a) Interpretation Not Affected by Headings, etc. - The division of this Agreement into articles, sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, all references to an "**Article**," "**Section**," "**Schedule**" or "**Appendix**" followed by a number and/or a letter refer to the specified article, section, schedule or appendix of this Agreement. The terms "**this Agreement**," "**hereof**," "**herein**", "**hereby**," "**hereunder**" and similar expressions refer to this Agreement and not to any particular Article or Section hereof.

(b) Singular/Plural; Derivatives - Whenever the singular or masculine or neuter is used in this Agreement, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires. Where a term is defined herein, a capitalized derivative of such term has a corresponding meaning unless the context otherwise requires.

(c) Including - The word "**including**", when used in this Agreement, means "**including without limitation**".

(d) Accounting References - Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made for

the purposes of this Agreement, the same shall be done in accordance with GAAP, unless expressly stated otherwise.

(e) Currency - Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful money of Canada.

(f) Trade Meanings - Terms and expressions that are not specifically defined in this Agreement, but which have generally accepted meanings in the custom, usage and literature of the electricity industry in Canada as of the date of this Agreement, shall have such generally accepted meanings when used in this Agreement, unless otherwise specified elsewhere in this Agreement.

(g) Statutory References - Any reference in this Agreement to a statute shall include, and shall be deemed to be, a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto (including changes to section numbers referenced herein) and in force from time to time, and to any statute or regulation that may be passed that has the effect of supplementing or replacing the statute so referred to or the regulations made pursuant thereto, and any reference to an order, ruling or decision shall be deemed to be a reference to such order, ruling or decision as the same may be varied, amended, modified, supplemented or replaced from time to time.

(h) Terms Defined in Schedules - Terms defined in a Schedule or part of a Schedule to this Agreement shall, unless otherwise specified in such Schedule or part of a Schedule or elsewhere in this Agreement, have the meaning set forth only in such Schedule or such part of such Schedule.

(i) Calculation of Time - Where, in this Agreement, a period of time is specified or calculated from or after a date or event, such period is to be calculated excluding such date or the date on which such event occurs, as the case may be, and including the date on which the period ends.

(j) Time Falling on Non-Business Day - Whenever the time for doing something under this Agreement falls on a day that is not a Business Day such action is to be taken on the first following Business Day.

(k) No Drafting Presumption - The Parties acknowledge that their respective legal advisors have reviewed and participated in settling the terms of this Agreement and agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not apply to the interpretation of this Agreement.

(l) Approvals, etc. - Except where otherwise expressly provided herein, whenever an action referred to in this Agreement is to be "**approved**", "**decided**"o r" **determined**" by a Party or requires a Party's or its Representative's "**consent**", then (i) such approval, decision, determination or consent by a Party or its Representative must be in

writing, and (ii) such Party or Representative shall be free to take such action having regard to that Party's own interests, in its sole and absolute discretion.

(m) Subsequent Agreements - Whenever this Agreement requires the Parties to attempt to reach agreement on any matter, each Party shall use commercially reasonable efforts to reach agreement with the other Party, negotiating in good faith in a manner characterized by honesty in fact and the observance of reasonable commercial standards of fair dealing.

(n) References to Other Agreements - Any reference in this Agreement to another agreement shall be deemed to be a reference to such agreement and all amendments made thereto in accordance with the provisions of such agreement (including changes to section numbers referenced herein) as of the Effective Date. When a term used in this Agreement is defined by reference to the definition contained in another agreement, the definition used in this Agreement shall be as such is defined in the applicable agreement as of the Effective Date.

1.3 Conflicts Between Parts of Agreement

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule or any document delivered pursuant to this Agreement, the provision of the body of this Agreement shall prevail.

1.4 Applicable Law and Submission to Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of NL and the Federal laws of Canada applicable therein, but excluding all choice-of-law provisions. Each Party irrevocably consents and submits to the exclusive jurisdiction of the courts of NL with respect to all matters relating to this Agreement, subject to any right of appeal to the Supreme Court of Canada. Each Party waives any objection that it may now or hereafter have to the determination of venue of any proceeding in such courts relating to this Agreement or that it may now or hereafter have that such courts are an inconvenient forum.

1.5 Appendices

Appendix A – Cash Call Procedure

ARTICLE 2
CASH CALLS

2.1 Addressee of Cash Calls

On and after the date hereof until the Commissioning Date, whenever a Cash Call is made by Labrador Transco, such Cash Call shall be addressed only to Nalcor.

2.2 Payment of Cash Call

Subject to sections 2.9.3 and 2.9.6 to 2.9.9 of the LTA Equity Support Agreement, upon receipt of such a Cash Call, Nalcor, at its option, on or before the relevant Cash Call Due Date or such later date as may be agreed between the Parties, shall pay or cause to be paid the full amount of such Cash Call provided that in each instance, Nalcor shall be liable in full to Labrador Transco for the payment being made on the due date in accordance with the Cash Call.

2.3 Credit to Relevant Capital Account

Upon receipt of payment of a Cash Call, Labrador Transco shall:

(a) add an amount equal to the amount paid by Nalcor to the stated capital of the common shares of Labrador Transco; and

(b) confirm receipt of the funds by Notice to Nalcor.

2.4 Agreement

Nalcor's obligations under this Agreement are irrevocable.

ARTICLE 3
TERMINATION

3.1 Termination

This Agreement shall be in full force and effect from the Effective Date until the earliest of:

(a) the Commissioning Date;

(b) the date specified in a written agreement of the Parties to terminate, provided however that for so long as any amounts are outstanding under the Financing or Labrador Transco has the right to draw under the terms thereof, the Parties shall not terminate this Agreement; and

(c) the dissolution of Labrador Transco.

ARTICLE 4
MISCELLANEOUS PROVISIONS

4.1 Notices

Notices, where required herein, shall be in writing and shall be sufficiently given if delivered personally or by courier or sent by electronic mail or facsimile transmission, directed as follows:

To Labrador Transco:

Labrador Transmission Corporation
c/o Nalcor Energy
500 Columbus Drive
P.O. Box 15100, Station A
St. John's, NL A1B 0M6

with a copy to:

Attention: Corporate Secretary
Fax: 709-737-1782

To Nalcor:

Nalcor Energy
500 Columbus Drive
P.O. Box 12800
St. John's, NL A1B 0C9

Attention: Chief Executive Officer
Fax: 709-737-1782

Such Notice shall (i) if delivered personally or by courier, be deemed to have been given or made on the day of delivery, and (ii) if sent by electronic mail or facsimile transmission be deemed to have been given or made on the day it was successfully transmitted as evidenced by automatic confirmation of receipt; provided however that if in any case such day is not a Business Day or if the Notice is received after Regular Business Hours (time and place of receipt), the Notice shall be deemed to have been given or made on the next Business Day. Either Party may change its address or fax number hereunder from time to time by giving Notice of such change to each other Party.

4.2 Counterparts

This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Signatures delivered by facsimile or electronic mail shall be deemed for all purposes to be original counterparts of this Agreement.

4.3 Announcements

No announcement with respect to this Agreement shall be made by either Party without the prior approval of the other Party. The foregoing shall not apply to any announcement by a Party required in order to comply with any Applicable Law ***[NTD: Must give notice]***; provided that such Party consults with the other Party before making any such announcement and gives due consideration to the views of the other Party with respect thereto. Each Party shall use reasonable efforts to agree on the text of any proposed announcement.

4.4 Further Assurances

Each Party shall, from time to time, do all such acts and things and execute and deliver, from time to time, all such further documents and assurances as may be reasonably necessary to carry out and give effect to the terms of this Agreement.

4.5 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be wholly or partially illegal, invalid, void, voidable or unenforceable in any jurisdiction for any reason, such illegality, invalidity or unenforceability shall not affect the legality, validity and enforceability of the balance of this Agreement or its legality, validity or enforceability in any other jurisdiction. If any provision is so determined to be wholly or partially illegal, invalid or unenforceable for any reason, each Party shall negotiate in good faith and execute a new legal, valid and enforceable provision to replace such illegal, invalid or unenforceable provision, which, as nearly as practically possible, has the same effect as the illegal, invalid or unenforceable provision.

4.6 Time of the Essence

Time shall be of the essence.

4.7 Amendments

No amendment or modification to this Agreement shall be effective unless it is in writing and signed by each Party.

4.8 No Waiver

Any failure or delay of a Party to enforce any of the provisions of this Agreement or to require compliance with any of its terms shall not affect the validity of this Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Party thereafter to enforce any and each such provision. Any consent or approval given by a Party pursuant to this Agreement shall be limited to its express terms and shall not otherwise increase the obligations of such Party or otherwise reduce the obligations of the Party receiving such consent or approval.

4.9 No Third Party Beneficiaries

Except as otherwise provided herein or permitted hereby, this Agreement is not made for the benefit of any Person not a party to this Agreement, and no Person other than the Parties or their respective successors and permitted assigns shall acquire or have any right, remedy or claim under or by virtue of this Agreement.

4.10 Survival

All provisions of this Agreement that expressly or by their nature are intended to survive the termination (however caused) of this Agreement, including covenants, warranties, guarantees, releases and indemnities, continue as valid and enforceable rights and obligations

(as the case may be) of the Parties, notwithstanding any such termination, until they are satisfied in full or by their nature expire.

4.11 Assignment

No Party may assign its rights hereunder except that Labrador Transco may assign its rights, title and interests hereunder to the Financing Parties in connection with the Financing.

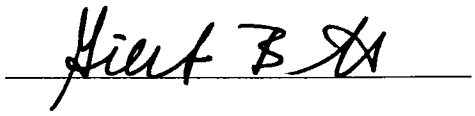
4.12 Successors and Assigns

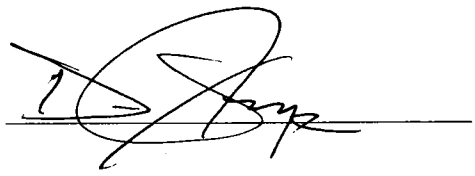
This Agreement shall be binding upon and enure to the benefit each of the Parties and their respective successors and permitted assigns.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Agreement the day and year first above written:

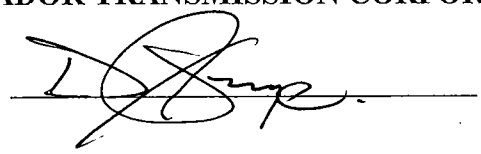
NALCOR ENERGY

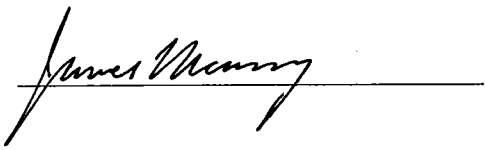
By: 
Name:
Title:

By: 
Name:
Title:

We have authority to bind the corporation.

LABRADOR TRANSMISSION CORPORATION

By: 
Name:
Title:

By: 
Name:
Title:

We have authority to bind the corporation.

Appendix "A"
CASH CALL PROCEDURE

1. In order to facilitate cash flow planning for Labrador Transco, and to ensure the timely availability of funds required to enable Labrador Transco to pay for the Development Activities (**"Funding Amounts"**), Labrador Transco shall provide to Nalcor, no later than the last Business Day of each of March, June, September and December, a report (each a **"Quarterly Report"**) setting forth a forecast of required:

   (a) Funding Amounts for the entire 15 month period covered by the Quarterly Report containing forecasted monthly Funding Amounts for each of the first six calendar months and the quarterly Funding Amounts for the remaining period; and

   (b) Cash Call Amounts required of Nalcor for the first six calendar months covered by the Quarterly Report,

   expressed in each applicable currency.

2. On a monthly basis, or whenever Labrador Transco determines that it is appropriate to do so, Labrador Transco shall give to Nalcor a Notice of requirement to pay (each a **"Cash Call"**) setting out the amounts and currencies of funds which must be paid by Nalcor as its contribution to Funding Amounts (the **"Cash Call Amount"**).

3. A Cash Call shall detail the required Cash Call Amounts for the calendar month immediately following the calendar month in which the Cash Call is given or such other subsequent period as Labrador Transco determines is appropriate (**"Cash Call Period"**) and shall specify:

   (a) the date on which it is given;

   (b) the Cash Call Period;

   (c) the Cash Call Amount;

   (d) the date on which the Cash Call Amount is due and payable (**"Cash Call Due Date"**) (which shall, subject to **Section 4** of this Cash Call Procedure, be the fifth Business Day after the date on which the Cash Call is given or such later date as the General Partner may designate in the Cash Call); and

   (e) the place of payment (which shall be a designated account at a named bank).

4. If the aggregate of Cash Call Amounts in respect of a particular Cash Call Period exceeds 130% of the forecast Cash Call Amount for such Cash Call Period set forth in the most recent Quarterly Report given by Labrador Transco not fewer than five Business Days prior to the giving of the Cash Call, the due date for such excess shall be the tenth Business Day after the date on which any Cash Call requiring the payment of such excess (or any portion thereof) is given.

5. Nalcor, upon receiving a Cash Call shall pay, by electronic funds transfer, the Cash Call Amount to Labrador Transco, at the place of payment specified in the Cash Call, such that

Labrador Transco receives value for that payment in the designated bank account on or before 10:30 am, St John's, NL time, on the Cash Call Due Date.

6. Labrador Transco shall credit to the stated capital of the ***[common]*** shares an amount equal to the amount received pursuant to the Cash Call with effect as of the date upon which the amount is received by Labrador Transco in the designated bank account.

7. Nalcor acknowledges that timely payment of Cash Call Amounts will be a prerequisite of Labrador Transco's ability to pay Funding Amounts on a timely basis and, after the financial close relating to the Financing, to comply with the requirements under any Financing Documents to obtain advances under the Financing.

8. Where the Cash Call is in excess of actual Funding Amounts paid by Labrador Transco in the period covered by that Cash Call, such excess shall be applied to the next Cash Call issued by Labrador Transco after confirmation of the value of such excess amounts.

Agreement Providing Key Terms and Conditions For the

FEDERAL LOAN GUARANTEE BY HER MAJESTY THE QUEEN IN RIGHT OF CANADA

FOR THE DEBT FINANCING OF THE LOWER CHURCHILL RIVER PROJECTS

PREAMBLE

Nalcor Energy ("Nalcor"), Emera Inc. ("Emera"), the Province of Newfoundland and Labrador ("NL"), and the Province of Nova Scotia ("NS") have informed Her Majesty the Queen in Right of Canada ("Canada") (all collectively called the "Parties") that Nalcor and Emera or their affiliates intend to develop, construct and operate, with the support of NL and NS, the Muskrat Falls Generation Facility, Labrador Transmission Assets, Labrador Island Link, and Maritime Link Projects (the "Projects"). Canada, NL, and NS subsequently signed a Memorandum of Agreement to support the Projects on August 19, 2011 (the "MOA").

It is essential to Canada that the Projects have national and regional significance, economic and financial merit, and significantly reduce greenhouse gas emissions. Canada's Guarantee of the Guaranteed Debt of each Project will significantly enhance the credit quality of the Financing of each Project. Canada hereby agrees to guarantee the Guaranteed Debt of each Project and will provide the Guarantees for the Projects as more fully described, and subject to the terms and conditions described herein.

The agreements of Canada hereunder are made solely for the benefit of Nalcor, Emera, and their affiliates including the Borrowers, and for the benefit of the Lenders ultimately selected by them to make the Financing available for the Projects and may be relied upon by all such persons but may only be enforced by Nalcor and Emera and affiliates including the Borrowers.

Once it has been accepted by all the Parties, this agreement may be disclosed publicly by or on behalf of any of Canada, Nalcor, Emera, their affiliates, NL and NS.

As regards the MF, LTA and LIL Projects, MFCo, LTACo, LILCo, LIL Opco,Nalcor, NL and Canada, this agreement shall be governed by, and construed in accordance with, the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein and all actions, suits and proceedings arising will be brought in the courts of competent jurisdiction of NL. subject to any right of appeal to the Federal Court of Appeal or to the Supreme Court of Canada. As regards the ML, MLCo, Emera, NS and Canada, this agreement shall be governed by and construed in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein and all actions, suits and proceedings arising will be brought in the courts of competent jurisdiction of NS, subject to any right of appeal to the Federal Court of Appeal or the Supreme Court of Canada. This agreement sets forth the entire agreement among the Parties with respect to the matters addressed herein as regards the Projects and supersedes all prior communications, written or oral, with respect thereto including MOA. This agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement. Delivery of an executed counterpart of this agreement by telecopier or electronically shall be as effective as delivery of a manually executed counterpart of this agreement.

Canada understands that Nalcor and Emera, or their affiliates, will be soliciting offers for the Financings from a range of Lenders. Given the importance of a Federal Loan Guarantee to the Financing for each Project, Canada hereby acknowledges and agrees that upon request by Nalcor or Emera within a reasonable period of time prior to any proposed meeting, it shall make available senior representatives of Canada, and its legal advisors and financial consultants as appropriate, responsible for the provision and oversight of the Federal Loan Guarantee, for participation in meetings with credit rating agencies and potential Lenders to respond to queries concerning the Federal Loan Guarantee.

TERMS AND CONDITIONS

1. THE PROJECTS AND THE TRANSACTION PARTIES	
1.1 Projects:	The Muskrat Falls Generation Facility ("MF"), the Labrador Transmission Assets ("LTA"), the Labrador-Island Link ("LIL") and the Maritime Link ("ML"), each as more fully described as follows: MF: an 824-MW hydro-electric generation facility in the vicinity of Muskrat Falls, Labrador, which Nalcor will develop. LTA: a 345-kV HVac transmission interconnection between Muskrat Falls and Churchill Falls, which Nalcor will develop. LIL: a HVDC transmission line connecting the Island of Newfoundland to generation facilities in Labrador which Nalcor will develop but in which Emera Inc., via a Newfoundland and Labrador corporate entity, will have an opportunity to invest. ML: a transmission line connecting the Island of Newfoundland to the Province of Nova Scotia, which will be developed by Emera. Each of (i) MF and LTA together; (ii) LIL; and (iii) ML is referred to herein as a "Project" and together as the "Projects".
1.2 Guarantor:	Her Majesty the Queen in Right of Canada ("Canada" or "Guarantor").
1.3 Proponents:	Nalcor Energy ("Nalcor"), acting on its own behalf and not as agent of the Province of Newfoundland and Labrador ("NL Crown"), and Emera Inc. ("Emera.
1.4 Borrowers:	MFCo: a special purpose wholly-owned subsidiary of Nalcor.

	LTACo: a special purpose wholly-owned subsidiary of Nalcor. LILCo: a special purpose limited partnership controlled by Nalcor and held by it alone or together with Emera ("LILCo"). The obligations of LILCo will be guaranteed by LIL OpCo, a special purpose wholly-owned subsidiary of Nalcor ("LIL OpCo"). MLCo: a special purpose wholly-owned subsidiary of Emera. Each a "Borrower" and collectively, the "Borrowers".
1.5 Lenders:	Subject to the form of Financing Structure selected by the Borrower, with respect to each Borrower, a financial institution or a group of financial institutions or financiers that will purchase debt securities to be issued by such Borrower or make credit facilities available to such Borrower, which will be guaranteed by Canada pursuant to the Federal Loan Guarantee, defined herein (the "Lender" or "Lenders"). Lenders shall include a Guarantee Agent and Collateral Trustee for the benefit of the Lender, where applicable.
2. TRANSACTIONS	
2.1 Federal Loan Guarantee:	The Federal Loan Guarantee ("FLG") shall, in respect of each Project, be an absolute, continuing, unconditional and irrevocable guarantee of payment (not collection) when due of the Guaranteed Debt of the relevant Borrower to the Lenders. The Lenders shall not be bound to pursue or exhaust their recourses against the relevant Borrower or any security held by them before demanding payment from the Guarantor. Subrogation - Canada shall be subrogated in the rights of the Lenders for any Project in respect of and at the time of each and every particular payment made by the Guarantor. Acceleration - It shall be a term of any Financing Document for any Project that in the event of default by a Borrower thereunder, the Lenders shall not accelerate the loan. With respect to MF, LTA and LIL, "FLG Agreement" means the agreement among the Guarantor, MFCo, LTACo, LILCo and Nalcor containing their respective rights and obligations as contained in this Term Sheet. With respect to ML, "FLG Agreement" means the agreement among the Guarantor, ML and Emera containing their respective rights and obligations as contained in this Term Sheet.
2.2 Transaction Structure:	Canada, the Borrowers and the Proponents will work to agree on a Transaction Structure that in conjunction with the FLG Agreement will result in the Project debt achieving Canada's AAA credit rating. The parties agree that the credit rating agencies will be asked to confirm that the FLG Agreement and Transaction Structure would achieve this objective. The Parties agree that they will work together to finalize the Transaction Structure and form of

	Guarantee, including obtaining confirmation from the credit rating agencies, by January 31, 2013 in order to facilitate the start of the financing process.
2.3 Financing Structure:	Following the execution and delivery of all Financing Documents (defined in Section 3.5), ("Financial Close"), the Borrowers intend to pay for Project costs which would include construction costs, interest, fees and other related costs, using a combination of equity to be provided by the Proponents and debt to be made available by the relevant Lenders. The Parties agree that Financial Close for ML must occur by the later of 90 days after the Nalcor Projects, or December 31, 2013. The Financing Structure will be flexible enough to allow each Borrower to raise debt , by way of: (i) bank credit facilities; (ii) a commercial paper program; (iii) a single bond or a series of bonds with staggered short-term maturity dates or a single maturity date issued and maturing within the Construction Period (the period between Financial Close and Commercial Operations Date (defined herein)); (iv) a single long-term bond or a series of long-term bonds issued during the Construction Period; or (v) a combination of one or more of the foregoing options, together with any related hedging instruments. The Guaranteed Debt incurred during the Construction Period for each Project may be refinanced by way of loans, bonds or a combination thereof, provided that: (a) the principal amount of such refinancing does not exceed the then outstanding principal amount of the Guaranteed Debt; and (b) the term thereof does not extend beyond the end of the FLG Term, it being expressly agreed that any loan or bond that matures on or after the earlier of: (i) 2 years after COD; or (ii) 7 years after Financial Close, may not be further refinanced. All of the foregoing is hereinafter collectively referred to as the "Financing". As may be required by the nature of the Financing, a hedging program shall be put in place for each Borrower at Financial Close. In order to ensure certainty in the cost of the Financing for each of the Projects, any interest expense risk will be hedged. The Project hedging principles will be agreed to with the Guarantor prior to Financial Close. Canada, the Borrowers and the Proponents will work to agree on a Financing Structure for the Projects, it being acknowledged that a range of financing structures may be considered. "Commercial Operations Date" ("COD"), in respect of each Project, shall be the date upon which construction is certified by the Borrowers' Engineer to be complete and confirmed by the Independent Engineer, which is currently expected to be July, 2017.
3. FLG TERMS	

3.1 Guaranteed Debt:	A. The total maximum amount of borrowing and hedging obligations (including principal, interest, fees, and costs) under the Financing to be guaranteed by Canada ("Guaranteed Debt") shall be the lesser of the following for each of the Projects: i. A fixed dollar-based cap of $6.3 billion, allocated among the Projects as follows: a. MF/LTA: up to $2.6 billion, b. LIL: up to $2.4 billion; and c. ML: up to $1.3 billion; herein called "Individual Project Debt Caps". ii. The amount of debt implied by the maximum Debt to Equity Ratios ("DER") for each Project as follows: a. MF/LTA: 65:35 b. LIL: 75:25 c. ML: lower of Nova Scotia Utility and Review Board (UARB) approval or 70: higher of UARB approval or 30; or iii. The amount of debt that provides a minimum Debt Service Coverage Ratio ("DSCR") of 1.40x for each Project throughout the Term of the FLG. B. The terms and conditions of the Guaranteed Debt shall be those commonly used in similar commercial transactions, shall be subject to Canada's approval, acting reasonably, and shall include the following: (i) Rate of Interest that is no greater than that which would be offered by Lenders to an entity with a "AAA" credit rating; (ii) The proceeds from the Guaranteed Debt and the Additional Debt shall be used for the sole purpose of the Project; and (iii) Any long-term bond issued in connection with the Guaranteed Debt may carry a call feature.
3.2 Term of the FLG:	The FLG Term shall begin on Financial Close and shall terminate on the earlier of: (a) payment in full of the Guaranteed Debt; or (b) the Maximum Term for each Project, as follows: (i) MF/LTA: 35 years after Financial Close; (ii) LIL: 40 years after Financial Close; and (iii) ML: 40 years after Financial Close.
3.3 FLG Amortization Profile:	The Guaranteed Debt shall be repaid in accordance with the following amortization profile: MF/ LTA : simple mortgage-style amortization, ending no later than 35 years after Financial Close; LIL : level amortization, ending no later than 55 Years after Financial Close; and

	ML : level amortization, ending no later than 40 years after Financial Close. The Amortization period is to begin on the earlier of: (i) Commercial Operations Date, and (ii) seven (7) years after Financial Close. The Amortization Profile shall be such that there is no principal outstanding at the end of each amortization period for each Project. In each case, save if bullet maturity bonds are used, there shall be at least one payment a year. Bullet maturity bonds may be used instead of amortizing bonds. Bullet maturities will be matched as closely as possible to the relevant FLG Amortization Profile.
3.4 FLG Maximum Exposure:	The maximum exposure to the Guarantor under the FLG at any given time shall be the actual amount outstanding on the Guaranteed Debt at such time based on the FLG Amortization Profile.
3.5 FLG Conditions Precedent:	A. The following conditions precedent (the "FLG Conditions Precedent") must be satisfied in form and substance acceptable to the Guarantor prior to the execution and delivery of the FLG for all Projects: (i) Confirmation by Credit Rating Agencies of indicative credit ratings for each of MF, LTA, and LIL (prepared on a non-guaranteed basis) equal to or higher than investment grade; (ii) Provision by Credit Rating Agencies of indicative credit ratings for the ML (prepared on a non-guaranteed basis and based on information provided in the application to the UARB) equal to or higher than investment grade; (iii) Enactment of legislation, and execution of formal agreements between the NL Crown and Nalcor (or related entities), which put into legally binding effect the commitments made by the NL Crown as outlined in Schedule "A", both the legislation and the agreements being to the Guarantor's satisfaction.; (iv) The formalization of a regulatory framework by the Province of Nova Scotia ("NS") in legislation and/or regulations; (v) Execution of an inter-governmental agreement (the "IGA") between Canada and the NL Crown in which NL Crown: (a) makes the commitments outlined in Schedule "A" to Canada; (b) indemnifies Canada for any costs that it may incur under the FLG as a result of a regulatory decision or regulatory change (including through legislation or policy) that prevents a Borrower from recovering Project costs and fully servicing the Guaranteed Debt; and (c) guarantees completion of the MF, LTA and LIL Projects to COD such that, where non-completion is due to NL Crown's failure to comply with the commitments outlined in Schedule "A", NL Crown shall indemnify Canada for any costs Canada may incur as a result of those Projects not achieving COD. (vi) Execution of an agreement between Canada and NS in which NS

	indemnifies Canada for any costs it may incur under the FLG as a result of a regulatory decision or regulatory change (including through legislation or policy) that prevents a Borrower from recovering Project costs and fully servicing Guaranteed Debt; (vii) Sanction of all Projects, including ML; (viii) Execution of an agreement (the "Emera Guarantee Agreement") between Canada and Emera, wherein Emera shall guarantee: (a) the payment of $60 million to the Guarantor in the event that Financial Close is not achieved by the date set out herein or funds are not drawn from Guaranteed Debt within a reasonable time after Financial Close; and (b) following the first draw of Guaranteed Debt, Emera will guarantee to complete the ML or to provide required funds to complete the ML; (ix) That all necessary environmental legal and policy authorities have been complied with to the satisfaction of the Guarantor; and (x) That all necessary aboriginal consultation obligations have been complied with to the satisfaction of the Guarantor. B. The following conditions precedent (the "FLG Conditions Precedent") must be satisfied by the applicable Borrower in form and substance acceptable to the Guarantor prior to the execution and delivery of the FLG for each Project of such Borrower: (i) Execution of the FLG Agreements and all other relevant documents necessary to effect Financial Close ("Financing Documents"); (ii) Provision by Credit Rating Agencies of indicative credit ratings for the ML (prepared on a non-guaranteed basis) equal to or higher than investment grade in the event that the UARB decision differs from the application submitted by MLCo; (iii) Satisfaction, in the sole discretion of the Guarantor, of any and all Project-related due diligence deemed necessary by the Guarantor, including satisfactory review of all required revenue-producing agreements and other agreements including the MF PPA, TFA, LIL Assets Agreement; (iv) Approval by the Guarantor, acting reasonably, of the Financing, Financing Structure, Financing Documents, and the Transaction Structure; (v) A report provided by an independent expert that the Projects have sufficient insurance coverage in place that is customary in projects of this nature and size; (vi) As required by the nature of the Financing, an interest rate hedging program be in place to hedge expected interest expense with respect to the Guaranteed Debt; (vii) All necessary permits, approvals, land-use agreements and other authorizations required at Financial Close have been obtained;

	(viii) Execution and delivery of the indemnity referred to in Section 4.9; (ix) Review of technical aspects of the Projects, including engineering, water resource and any other required due diligence by the Independent Engineer (as defined herein), and preparation and finalization (as confirmed by the Guarantor and Lenders, acting reasonably) of a technical due diligence report (the "IE DD Report") confirming that the Project execution plans are commercially reasonable, and consistent with Good Utility Practice; and (x) Other Conditions Precedent customarily included in commercial project financing transactions.
Date: _____ 3.6 Costs Incurred by Guarantor:	All reasonable third-party costs incurred by the Guarantor in relation to an FLG shall be at the expense of the Borrower for the benefit of which such FLG has been issued.
3.7 Guarantee Fee:	No fees shall be payable to the Guarantor in respect of the provision of any FLG.
3.8. Commitment Fees:	Any fees paid to the Lenders under the Project Financing, such as commitment fees or up-front fees, shall be commercially reasonable.
4. PROJECT DEBT	
4.1 Debt Service Coverage Ratio Definition and Test:	Definition: The Debt Service Coverage Ratio ("DSCR") in respect of any Borrower, and in respect of any 12-month period shall be calculated as follows: DSCR = Base Cash Flow / Debt Service, where: Base Cash Flow = Liquidity Reserves plus Contracted Revenues less Cash Operating Costs Debt Service = Amortization plus Interest Expense Amortization = The amortization amount corresponding to the FLG Amortization profile in respect of each Borrower Interest Expense = The interest expense for the period Contracted Revenues: (i) MF: (a) For purposes of Initial Debt Sizing, DSCR shall include only the Base Block Revenue plus Liquidity Reserve; and (b) For all other purposes, DSCR shall include the Base Block Revenue plus Liquidity Reserve, plus revenue from power purchase agreements with investment grade parties, based on total annual energy sales not to exceed (P50) energy production for MF. (ii) LTA: For all purposes, DSCR shall include LTA Tariff Revenue plus Liquidity Reserve. (iii) LIL: For all purposes, DSCR shall include revenue from NL Hydro under

	the LIL Assets Agreement plus any Liquidity Reserve. (iv) ML: For all purposes, DSCR shall include revenues collected from ratepayers under the cost-recovery framework imposed by the Nova Scotia Utility and Review Board plus any Liquidity Reserve. Cash Operating Costs includes all cash costs of the Borrower, excluding interest and principal on any Guaranteed Debt. <u>Test:</u> The DSCR Test shall apply both prospectively and retrospectively except as follows: (a) The DSCR Test shall apply prospectively in the context of the maximum Guaranteed Debt as defined in 3.1; and (b) The DSCR Test shall apply prospectively in the context of the Additional Debt. For purposes of the ML, the prospective calculation of the DSCR shall be based on the UARB-approved return on equity. DSCR will be calculated monthly on a rolling 12-month basis. "Base Block Revenue" means amounts paid by NL Hydro to MF in respect of the Base Block Energy purchase commitments as set out in the MF power purchase agreement and as described in the Memorandum of Principles.
4.2 Debt Service Coverage Ratio:	The DSCR for each Project shall be a minimum of 1.40x.
	If the DSCR falls below 1.40x, then a 30-day consultation process between the Guarantor and the relevant Borrower is triggered during which time information shall be provided to Canada to advise it of the reasons for such a decline and how the Borrower proposes to increase the DSCR. If it falls below 1.20x, then there shall be no distribution to equity holders. If it falls below 1.10x, it shall constitute an Event of Default.
4.3 Cross-Default Provisions:	MF, LTA, and LIL will have cross-default provisions such that an event of default of any one Borrower will represent an event of default of each of the other two Borrowers. There shall be no cross-default provisions in respect of Maritime Link.
4.4 FLG Events of Default:	The following is a non-exhaustive list of Events of Default in respect of each Project for purposes of the FLG: (i) Failure to satisfy any covenants in the Financing Documents or FLG Agreement, and to cure same within 30 days of notice of default; (ii) Misrepresentation, fraud, or breach of material representation; (iii) Bankruptcy, restructuring, and insolvency of a Proponent or a Borrower; (iv) Termination (other than a scheduled termination), invalidity, unenforceability or default (by any party to such agreement) of any key project agreement (eg. the MF PPA, TFA, LIL Assets Agreement, ML revenue collection agreement) that is not cured within any applicable grace period in that agreement (or within 30 days of the date of occurrence of such event if there is no applicable grace period), or replaced by an equivalent agreement within 30 days. This will be an Event of Default for the defaulting Party only; (v) Sale or Change of Control of Nalcor or the Borrowers, other than

	among the Parties, or non-permitted assignment of any key contracts; (vi) Insufficient funding of Cost Overruns or Cost Escalations that continues for 90 days after being identified by the Independent Engineer; (vii) Abandonment of a Project by the owner of the Project; (viii) Breach or termination of any contract of the Borrowers, including the commercial agreements between Nalcor and Emera, that is not cured within any applicable grace period in that agreement, (or within 30 days of the date of occurrence of such event if there is no applicable grace period) or replaced by an equivalent agreement within 30 days. This will be an Event of Default for the defaulting Party only; (ix) Unauthorized sale of any material Project assets; (x) Failure to provide certificate of the Independent Engineer confirming that budgeting and maintenance of the Project is being conducted in conformity with Good Utility Practice and such failure is not cured within 30 days; (xi) The DSCR falls below 1.10x; (xii) Failure to fund or maintain the Debt Service Reserves or the Liquidity Reserves as required in Section 4.16 and to cure same within 5 business days of payment therefrom; (xiii) Failure to pay principal or interest within 5 business days of due date; and (xiv) Other Events of Default customarily included in commercial financing documents.
4.5 Lenders' Events of Default:	The only Lenders' Event of Default in respect of the Guaranteed Debt shall be the failure by a Borrower and the Guarantor to pay a scheduled principal and interest payment. Upon the occurrence of a Lender's Event of Default, Lenders shall have all available remedies.
4.6 Security:	The security for the Guaranteed Debt shall include the following: (i) the assets of the Borrowers (including Liquidity and Debt Service Reserves); (ii) all contracts of the Borrowers, including key project agreements, as identified by the Guarantor; and (iii) the shares of the Borrowers provided that the shares of MFCo, LTACo and LILCo, may only be pledged to Canada or an agent of Canada. For greater certainty, the priorities of Security taken by the Guarantor shall be determined by the Financing Structure agreed upon, and in any event shall be subject in priority only to Security taken by a Lender, if any. The Borrowers shall take all actions necessary, in the opinion of the Guarantor, to maintain the validity, enforceability, and priority of the Guarantor's security.
4.7 Permitted Liens:	The Borrowers shall not be permitted to create or suffer to exist any lien on their assets except liens that are customary in project financing transactions including, without limitation: (i) 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 the accounting standard that has been adopted by the Borrower, that is, International Financial Reporting Standards, US GAAP or another recognized reporting standard, have been recorded on the balance sheet of such Borrower; (ii) 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 Borrower, or if a lien has been registered, same does not affect the Guarantor's priority in the Security and is being defended diligently and in good faith by appropriate proceedings and in respect of which adequate reserves in the amount of the lien plus 20% have been recorded on the balance sheet of such Borrower; (iii) easements, encroachments, rights of way, licences, reservations, covenants, restrictive covenants or other similar rights in land granted to or reserved by other persons provided that they are reasonable and have been complied with and can be assigned to the Guarantor; (iv) any lien securing purchase money obligations permitted to be outstanding, provided that each such lien affects only the property with respect to which the purchase money obligation it secures was incurred; and (v) any lien securing Additional Debt (defined in Section 4.8) permitted to be outstanding.
4.8 Permitted Debt:	The Borrowers shall not incur debt during the Construction Period and the FLG Term except for: (i) Guaranteed Debt (also known as "Project Debt"); (ii) Additional Debt (as described in 4.8(a)); (iii) Debt secured by a lien which is a Permitted Lien (other than a lien securing purchase money obligations); (iv) Trade payables or similar debt incurred in the ordinary course of business and for the purpose of carrying on same, representing the deferred purchase price of property or services; (v) Debt under purchase money obligations provided, however, that the aggregate principal amount of purchase money obligations outstanding at any time shall not exceed at any time: (i) for MF/LTA $15 million; (ii) for LIL $15 million; and (iii) for ML $15 million.
4.8(a) Additional Debt:	No additional debt may be incurred by the Borrowers during the term of the FLG, other than: (i) for an operating line of credit to a maximum of $10 million for MF/LTA, for LIL, and for ML; and (ii) additional debt to finance cost increases from the DG3 capital cost estimates provided to the Guarantor and the final estimates at Financial Close ("Cost Escalations"), to finance cost increases after Financial Close ("Cost Overruns"), and to finance costs associated with major repairs and refurbishments after COD, (collectively called "Additional Debt").

	Additional Debt shall be subject to the following conditions: (a) It shall not be covered by the FLG; (b) It may be secured provided that it is subordinate to the Guaranteed Debt; and (c) It must satisfy the Debt Equity Ratios and DSCR-based tests on a prospective, aggregate basis (taking into account the Guaranteed Debt and the Additional Debt) throughout the term of the Additional Debt. Additional Debt with bullet maturities will be subject to a deemed periodic amortization profile in order to preserve the validity of the DSCR-based test.
4.9 Independent Engineer:	An engineer (the "Independent Engineer" or "IE") shall have been appointed to permit each Lender and the Guarantor to complete their due diligence and to ensure compliance with the terms of the FLG Agreements and all Financing Documents required to effect Financial Close. The Independent Engineer will represent the Guarantor and the Lenders. The Borrowers shall provide written confirmation, that has been confirmed in writing by the IE, that they have no contractual or other relationship with the IE other than the obligation to pay the fees of the IE. The IE shall review the Project documents and any information provided in support of any drawdown requested by a Borrower and shall make a recommendation to the Lender by way of an IE certificate. The Independent Engineer shall be assigned a scope of responsibility designed to ensure the Projects are developed, maintained, and operated in a manner which is consistent with Good Utility Practice (as defined herein). The Independent Engineer shall have full access to all information related to the Projects and access to management and employees of the Proponents or Borrowers as required. The cost of the Independent Engineer shall be borne by the Borrowers. The Borrowers shall indemnify and save the Guarantor harmless from and against any liability that the Guarantor incurs solely by virtue of being found, in respect of the Projects, liable as a partner or joint venturer.
4.10 Expected Costs to Complete:	Cost Overruns for a Project must be funded with Equity and/or Additional Debt (subject to the provisions of section 4.8(a)) as follows: (i) Equal annual amounts calculated by dividing such Cost Overrun amount by the number of years remaining until COD. Each annual payment shall be funded no later than the date of the first advance of Guaranteed Debt in each year prior to COD, and the first annual amount shall be funded prior to the first advance under Guaranteed Debt after such calculation is made; (ii) The Independent Engineer will confirm the Borrower's revised estimates of Expected Costs to Complete and any related changes to the construction schedule, all by way of an IE certificate; and (iii) Adjustments may be made to such funding requirements from time to time as estimates of Expected Costs to Complete (and related date at which COD is expected to be achieved) are updated or

	revised, all as confirmed by the Independent Engineer. The foregoing shall not in any way limit the enforceability of the provisions of Sections 3.1 or 4.8. The expected costs to complete ("Expected Costs to Complete") in respect of any Borrower at any given time shall be determined by the Borrowers and reviewed and confirmed by the IE by way of an IE certificate to be provided in connection with any drawdown requests prior to COD. The DG3 Capital Cost Estimates shall form the basis for the Independent Engineer's review of and confirmation of any proposed changes to such estimates on an ongoing basis as construction proceeds. Expected Costs to Complete shall include contingencies and escalation. Expected Costs to Complete shall also include any interest during construction and costs associated with the Financing prior to COD, calculated on a pro forma basis.
4.11 Change of Control:	There shall be,no sale or change of control of any Borrower or subsidiaries, except as among the Parties, and no sale of any material Project assets. There shall be no sale or change of control of Nalcor.
4.12 Independent Engineer Certificate post COD::	On each anniversary following COD, and until the end of the FLG Term, the Borrower or the IE shall provide an Independent Engineer's certificate, in form and substance acceptable to the Guarantor, acting reasonably, confirming that budgeting and maintenance of the Project are being conducted in conformity with Good Utility Practice. Failure of the Borrower to budget and maintain in accordance with Good Utility Practice that results in the IE being unable to provide such certification shall constitute an Event of Default subject to a 30-day cure period.
4.13 Good Utility Practice:	"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.

4.14 Debt-Equity Contributions:	Construction costs shall be funded only with equity prior to Financial Close. Subject to the conditions provided herein (including, without limitation, the Individual Project Debt Caps in respect of any Guaranteed Debt, and the funding of Cost Overruns), following Financial Close, debt and equity funds shall be invested as follows: (i) 100% debt until such time as the target Debt Equity Ratio is achieved; and (ii) thereafter, debt and equity shall be invested on a *pro rata* basis in accordance with the targeted Debt Equity Ratio for each Project.
4.15 Distributions:	There shall be no distribution to shareholders by the Borrowers: (i) Where the DSCR is below 1.20x; (ii) During the Construction Period; and (iii) Where an Event of Default has occurred which has not been cured during the cure period if same has been provided.
4.16 Debt Service Reserves and Liquidity Reserves:	Each Borrower shall at all times maintain Debt Service Reserves in a dedicated reserve account. The Debt Service Reserves will, at all times, be funded in an amount at least equal to the debt service (principal and interest) obligations of such Borrower for the forward-looking 6-month period. The Debt Service Reserve is for the benefit of the Guarantor and in the event that the Guarantor is required to make payment to the Lenders under the FLG, then it shall be entitled to immediate reimbursement of such amount from the Debt Service Reserve. MFCo and LTACo shall, for the MF/LTA Project, also fund with equity and maintain a Liquidity Reserve in a dedicated reserve account that permits MFCo and LTACo to maintain a DSCR of no less than 1.40x for a period of ten (10) years after COD. LIL and ML may each establish a Liquidity Reserve in connection with the DSCR.
4.17 Prepaid Rent Reserve for LIL:	During the Construction Period all prepaid rent received by LILCo from LIL Opco under the LIL Assets Agreement shall be kept in a reserve account and upon completion and receipt of the first rental payment from LIL Opco the amounts in the prepaid rent reserve shall be released and applied in accordance with the waterfall established under the LIL Project Financing Documents. During the Construction Period, distributions equal to the investment returns on the capital invested in the prepaid rent reserve account may be made to the Nalcor LIL limited partner provided no default or Event of Default exists.

4.18 Reports:	The Guarantor shall be entitled to regular financial and operational reports for the Projects at the expense of the Borrowers. This will include all customary reports and all rights to access and audit as are provided to the Lenders.
4.19 Covenants:	Customary affirmative and negative covenants to be provided by the Borrowers.
4.20 Representations and Warranties:	Customary Representations and Warranties are to be provided by the Borrowers.

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;

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.

This agreement shall ensure to the benefit of Nalcor and Emera and their affiliates including the Borrowers and their respective permitted successors and assigns and shall be binding on the Parties. The Parties represent and warrant that once this agreement is accepted by the Parties as herein provided, it shall constitute the irrevocable, legal, valid and binding obligation of the Parties, enforceable in accordance with its terms.

IN WITNESS WHEREOF each of the Parties has executed this agreement as of the date set forth below.

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by The Right Honourable Prime Minister of Canada,

Per: _____

The Honourable Stephen Harper

Date: _____

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Premier

Per: _____

The Honourable Kathy Dunderdale

Date: _____

HER MAJESTY IN RIGHT OF NOVA SCOTIA, as represented by The Premier

Per: _____

The Honourable Darrell Dexter

Date: _____

NALCOR ENERGY

Per: _____

Name:

Title:

Date:

I / we have authority to bind the Corporation

EMERA INC.

Per: _____

Name:

Title:

Date:

I/we have authority to bind the Corporation

NOV 30 2012

AGREEMENT PROVIDING THE KEY TERMS AND CONDITIONS FOR THE ADDITIONAL FEDERAL LOAN GUARANTEE BY HER MAJESTY THE QUEEN IN RIGHT OF CANADA FOR THE LOWER CHURCHILL PROJECTS

The Lower Churchill Projects (the **"Projects"** as defined in Section 1.1 below) rely in part on third-party debt financing for purposes of funding the construction costs of the Projects. In 2013, the Federal Government provided a Federal Loan Guarantee (the "**FLG**") to support the construction and operation of the Projects in view of the national and regional significance, economic and financial merit of the Projects and their contribution to significantly reducing greenhouse gas emissions once they are completed and thereby significantly enhanced the credit quality of the FLG Debt (as hereinafter defined).

The FLG supports bonds issued to the public by two special purpose funding trusts (each, a "**Funder**") pursuant to two (2) trust indentures, the terms of which are outlined in the public debt agreements (the "**FLG Agreements**"). The FLG is secured and documented as a modified credit wrap secured guarantee in a series of project debt documents with the Borrowers (the "**Project Finance Documents**"). On December 13, 2013, two Funders issued public debt in an aggregate amount of $5,000 million ("**FLG Debt**") comprised of a $2,600 million financing for the MF and LTA Projects (as defined in Section 1.1 below) and a $2,400 million financing for the LIL Project (as defined in Section 1.1 below), all pursuant to the FLG Agreements.

This agreement (the "**Agreement**") sets forth a summary of the key terms and conditions of the additional Federal Loan Guarantee ("**FLG2**") to guarantee $2,900 million of debt ("**FLG2 Debt**" or collectively with the FLG Debt, the "**Guaranteed Debt**") for the Projects.

This Agreement is intended to serve as an outline for amendments to the Project Finance Documents and creation of new agreements to govern the FLG2 Debt to be issued by the two Funders and related additional guarantee of the FLG2 (the "**FLG2 Agreements**"), which the parties hereto will negotiate in good faith.

Canada (as defined in Section 1.2 below) hereby agrees to guarantee the FLG2 Debt and to provide the FLG2 as more fully described and subject to the key terms and conditions described herein.

The agreements of Canada hereunder are made solely for the benefit of Nalcor (as defined in Section 1.3), the Borrowers (as defined in Section 1.5 below) and the lenders ultimately selected by them to make the FLG2 Debt available for the benefit of the Projects, and may be relied upon by all such persons but may only be enforced by Nalcor and its affiliates including the Borrowers. Once this Agreement has been executed by all the parties hereto, it may be disclosed publicly by or on behalf of any of Canada, Nalcor and its affiliates, and NL Crown (as defined in Section 1.3 below).

Canada understands that Nalcor or its affiliates will be soliciting offers for the FLG2 Debt from various lenders to be agreed. Given the importance of the FLG2 to the FLG2 Debt for the Projects, Canada hereby acknowledges and agrees that upon request by Nalcor within a reasonable period of time prior to any proposed meeting, it shall make available senior representatives of Canada and its legal advisors and financial consultants as appropriate, responsible for the provision and oversight of the FLG2, for participation in meetings with credit rating agencies and potential lenders to respond to queries concerning the FLG2 to be provided.

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Newfoundland and Labrador ("**NL**") and the federal laws of Canada applicable therein and all actions, suits and proceedings arising will be brought in the courts of competent jurisdiction of NL, subject to any

right of appeal to the Federal Court of Appeal or to the Supreme Court of Canada. This agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement. Delivery of an executed counterpart of this agreement by telecopier or electronically shall be as effective as delivery of a manually executed counterpart of this agreement.

TERMS AND CONDITIONS

1. THE PROJECTS AND THE TRANSACTION PARTIES	
1.1 Projects	The Muskrat Falls Generation Facility ("**MF**"), the Labrador Transmission Assets ("**LTA**") and the Labrador-Island Link ("**LIL**"), each as more fully described as follows: MF: an 824-MW hydro-electric generation facility in the vicinity of Muskrat Falls, Labrador being developed by Nalcor. LTA: a 345-kV HVac transmission interconnection between Muskrat Falls and Churchill Falls being developed by Nalcor. LIL: a HVDC transmission line connecting the Island of Newfoundland to generation facilities in Labrador being developed by Nalcor in which Emera Inc., via a Newfoundland and Labrador corporate entity, is an investor. Each of (i) MF and LTA together ("**MFLTA**"); and (ii) LIL; is referred to herein as a "**Project**" and together as the "**Projects**".
1.2 Guarantor	Her Majesty the Queen in Right of Canada ("**Canada**" or "**Guarantor**").
1.3 Proponent	Nalcor Energy ("**Nalcor**"), acting on its own behalf and not as agent of the Her Majesty in Right of Newfoundland and Labrador ("**NL Crown**").
1.4 Funders	Muskrat Falls / Labrador Transmission Assets Funding Trust ("**MFLTA FV**"), a trust formed under the Laws of NL pursuant to a Declaration of Trust. Labrador - Island Link Funding Trust ("**LIL FV**"), a trust formed under the Laws of NL pursuant to a Declaration of Trust. Each a "**Funder**" and collectively, the "**Funders**".
1.5 Borrowers	Muskrat Falls Corporation: a special purpose wholly-owned subsidiary of Nalcor ("**MF Corp**"). Labrador Transmission Corporation: a special purpose wholly-owned subsidiary of Nalcor ("**Labrador Transco**"). Labrador-Island Link Limited Partnership: a special purpose limited partnership controlled by Nalcor and held by it together with Emera Inc. ("**LIL LP**"). The obligations of LIL LP will be guaranteed by Labrador - Island Link Operating Corporation.

	Each a "**Borrower**" and collectively, the "**Borrowers**".
1.6 Lenders	As to the additional debt to be issued under the FLG2 Debt, with respect to each Funder, a financial institution or a group of financial institutions or financiers that will purchase debt securities to be issued by such Funder to permit such Funder to in turn make credit facilities available to the applicable Borrowers, which FLG2 Debt will be guaranteed by Canada pursuant to the FLG2 (the "**Lender**" or "**Lenders**"). The structure will include trustees and collateral agents in the same structure as the FLG for the benefit of the Lenders and Canada.
2. AMENDMENTS TO AGREEMENTS	
2.1 Cost Overrun Escrow Accounts Funding Requirements & Annual Equity Prefunding Requirements	The Cost Overrun Escrow Account ("**COREA**") payments currently contemplated in the FLG Agreements and Project Finance Agreements will no longer be required to be made. These payments will be replaced with new annual equity prefunding requirements ("**New Annual Equity Prefunding Payments**") that will be made in each of March 2017 and December 2017, 2018 and 2019. The New Annual Equity Prefunding Payments for each Project will be as follows: (i) MFLTA: $184 million; provided, however, that the New Annual Equity Prefunding Payment shall take into account and be reduced by an amount equal to any equity funded by MF Corp and Labrador Transco from fresh sources in the same year as the New Annual Equity Prefunding Payment is required to be made (and not from release from other reserve accounts including the COREA) prior to the date the New Annual Equity Prefunding Payment is made; for clarity this is to mean that for the March 2017 payment, the amount of the New Annual Equity Prefunding Payment will be reduced by any fresh equity contributions that occur from the time that the FLG Debt is exhausted to the time when that deposit is made and for the December 2017 payment, the amount of the New Annual Equity Prefunding Payment will be reduced by any fresh equity contributions that occur from March 31, 2017 to December 13, 2017; and (ii) LIL: $0 million. Each Borrower will provide quarterly revised cash flows, including an explanation of any change in anticipated equity contribution requirements and timing. The New Annual Equity Prefunding Payments correspond to the equity required from the time the FLG Debt is fully drawn until expected Commissioning based on the cost estimates provided by Nalcor in June 2016 (the "**2016 Cost Estimate**") less the Existing COREA Balances (as

hereinafter defined) for each Project divided into four (4) equal payments.

Funds will be held in the Equity Prefunding Reserve Account as an account controlled by the Collateral Agent and released at the times and in accordance with the funding process pursuant to the funding request conditions.

Once the FLG Debt is fully drawn, the existing balance in the applicable COREA account as of execution of this Agreement (each, an "**Existing COREA Balance**") of each Borrower will be transferred to a new dedicated reserve account of such Borrower or, in the case of LIL LP, a new dedicated reserve account of Nalcor LP, to which the New Annual Equity Prefunding Payments will be made (each, an "**Equity Prefunding Reserve Account**"). The funds in the Equity Prefunding Reserve Account for each Project (including the Existing COREA Balance for each Project) will become available to the Borrowers following the full drawdown of the FLG Debt for each specific Project. The funds in the Equity Prefunding Reserve Account (including the Existing COREA Balance for each Project) may only be used by the Borrowers to fund the Expected Costs to Complete as equity funded in conjunction with FLG2 Debt and will not be included as equity contributions made for purposes of the calculation of the DER or the AFUDC until released and so used.

To the extent equity is contributed to MF Corp and Labrador Transco by Nalcor that is not: (i) equity required against FLG Debt; and (ii) equity transferred into the MFLTA Equity Prefunding Reserve Accounts from the MFLTA COREA, these equity contributions can be used to reduce the $184 million March 2017 New Annual Equity Prefunding Payment. During any year, to the extent that the Equity Prefunding Reserve Account does not have a sufficient balance to support the equity contributions required with respect to the FLG2 Debt requirements and Nalcor funds these equity requirements with new equity, the next scheduled New Annual Equity Prefunding Payment will be reduced by the equivalent amount of new equity contributed.

In October of each year until Commissioning each Borrower will provide up to date cost estimates to that date, then in December of each year prior to the Commissioning Date, the most up-to-date cost estimates available at that time, being not older than the October estimates, will be used to determine if cost overruns have arisen since the prior year. To the extent that new cost overruns arise in a given year, an Additional COREA Payment will be calculated as follows:

> Additional COREA $\text{Payment}_{\text{year}}$: (i) the amount of the cost overruns that have arisen over the year divided by (ii) the number of years remaining until the expected Commissioning Date.
>
> For example, the calculation of Additional COREA Payment_{2017} in December 2017 would be equal to (i) the amount of cost overruns that exceed the 2016 Costs

	Estimate divided by (ii) three (3) - which is the number of years until the expected Commissioning Date. The process for determination and certification as to the Additional COREA Payment will be consistent with past practice and the Additional COREA Payment will be funded at the time of calculation and in each following December until the expected Commissioning Date. A new Additional COREA Payment will be calculated in each year that new cost overruns arise.
2.2 Sinking Fund Funding Requirements	The sinking fund contribution requirements for the FLG Debt that is currently scheduled to begin in December 2018 under the Project Finance Documents will be delayed such that the first payment will be made on December 1, 2020 ("**SF Funding Date**") The sinking fund contribution requirements for the FLG2 Debt will also begin on the SF Funding Date. The contributions that would have been made to the sinking funds for FLG between December 2018 and SF Funding Date will be spread equally over the remaining life of the bond to which the sinking fund relates such that on maturity of the bond the sinking fund will be funded to the same level as it would have under the initial funding schedule.
2.3 Date Certain	The Commissioning by Date Certain event of default found in the Project Finance Documents will be amended to define Date Certain as February 28, 2021, subject to the option of the Borrowers to extend that date by one (1) additional six (6) month period in accordance with the conditions for extension currently contemplated in the Project Finance Documents.
2.4 DSRA Prefunding	The obligation contemplated in the Project Finance Agreements to make any DSRA Prefunding will be amended to permit the equity rateable share of funding first using balances, if any, in the COREA (as may be permitted) and the Equity Prefunding Reserve Account and to provide that the combined balances in the applicable bond proceeds account, working capital reserve accounts, Equity Prefunding Reserve Account, COREA and DSRA cannot at any time be less than the required funding at that date for the DSRA Prefunding.
3. <u>TRANSACTIONS</u>	
3.1 Federal Loan Guarantee	The FLG2 shall, in respect of each Project, be an absolute, continuing, unconditional and irrevocable guarantee of payment (not collection) when due of the FLG2 Debt of the relevant Funder to the Lenders. The Lenders shall not be bound to pursue or exhaust their recourses against the relevant Funder or any security held by it before demanding payment from the Guarantor. The form and terms of the FLG2 will be the same as those for the FLG. Security - Canada shall be given security in the same form as, and *pari passu* with, the existing security given by the Funders for the FLG and security given by the Borrowers in favour of the Funders in connection

	with the FLG2 Debt proceeds on-lent to them shall be in the same form as, and *pari passu* with, the existing security given by the Borrowers. Acceleration - It shall be a term of the FLG2 Agreements for any Project that in the event of default by a Funder thereunder, the Lenders will not have the right to accelerate the FLG2 Debt unless they have failed to receive payments in accordance with the scheduled payments under the FLG2. Canada's payment under the FLG2 within the stated notice period will satisfy payment and prevent acceleration. Full Credit Substitution - Canada acknowledges that consistent with the FLG Debt, for the full benefit of the FLG2 to be realized, its terms and implication for any financing undertaken must satisfy the requirements of full credit substitution published by the applicable credit rating agencies. The Guarantor, the Funders, the Borrowers and the Collateral Agent will enter into a guarantee assurance agreement setting out their respective rights and obligations as regards the FLG2 (the "**FLG2 Assurance Agreement**").
3.2 Transaction Structure	The FLG2 Debt will be structured in the same format as the FLG Debt. There will be debt issued by each Funder which will be unsecured and covered by the FLG2. There will be an amendment to the project level debt documents with the Borrowers to add the FLG2 Debt on the same terms as the FLG Debt providing the secured lender rights and benefits to Canada to support the FLG2. The FLG2 Assurance Agreement will be drafted to take into account the FLG2 Debt and reflect the terms contained in this Agreement and be in the same form and substance as the guarantee assurance agreement currently in force with respect to the FLG Debt. Since the amount of the debt that can be issued pursuant to the existing trust indenture of each Funder is capped and the full amount of that cap has been utilized, the FLG2 Debt will be issued pursuant to new trust indentures in the same form and substance as the existing trust indentures pursuant to which the FLG Debt was issued by the Funders.

3.3 Financing Structure	The execution and delivery of all amended Project Finance Documents and FLG2 Agreements and issuance of the FLG2 Debt will constitute "**FLG2 Close**". Upon FLG2 Close, the Funders will raise the FLG2 Debt on the public or corporate markets. The structure of this financing will be done in a manner that aligns with the existing FLG Debt and is flexible enough to allow each Funder to raise the FLG2 Debt by way of (the "**Financing Structure**"): (i) bank credit facilities; (ii) a commercial paper program; (iii) a single bond or a series of bonds with staggered short-term maturity dates or a single maturity date, issued prior to or immediately following Commissioning; (iv) a single long-term bond or a series of long-term bonds issued prior to or immediately following Commissioning; or (v) a combination of one or more of the foregoing options, together with any related hedging instruments. The FLG2 Amortization Profile shall be consistent with the amortization profile outlined in Section 4.3 of this Agreement. All of the foregoing is hereinafter collectively referred to as the "**Financing**". Canada will consider structures similar to the FLG Debt structure or such other structures as may be proposed by the Proponent and/or the underwriters (with the approval of the Proponent) that could reduce the total interest costs while managing the refinancing risk for the Projects in a manner consistent with that of the FLG Debt. This must also be consistent with the concepts of the Project Finance Agreements.

4. FLG2 TERMS

4.1 FLG2 Debt	The total maximum amount of borrowing under the Financing to be guaranteed by Canada by the FLG2 shall be: (i) A fixed dollar-based cap of $2,900 million, allocated among the Projects as follows: (a) MFLTA: up to $1,850 million, (b) LIL: up to $1,050 million; and Herein called "**Individual Project Debt Caps**". The terms and conditions of the FLG2 Debt shall be consistent with those in the FLG Debt and shall be subject to Canada's approval, acting reasonably. The terms and conditions of the project level debt, except as amended by this Agreement, will remain the same.
4.2 Term of the FLG2	The FLG2 Term shall begin on FLG2 Close and shall terminate on the earlier of: (a) payment in full of the FLG2 Debt; or (b) the Maximum Term for each Project, as follows: (a) MFLTA: June 1, 2052; and (b) LIL: June 1, 2057.
4.3 FLG2 Amortization Profile	The FLG2 Debt shall be repaid in accordance with the following amortization profile ("**FLG2 Amortization Profile**"): MFLTA: simple mortgage-style amortization, over a term ending on June 1, 2052, and the first sinking fund payment with respect to the FLG2 Debt of MFLTA FV being made in December 2020. LIL: level dollar amortization, over a term ending on June 1, 2070, and the first sinking fund payment with respect to the FLG2 Debt of LIL FV being made in December 2020. The FLG2 Amortization Profile shall be such that there is no principal outstanding at the end of each amortization period for each Project. In the case of amortizing bonds, there shall be at least one payment a year. Bullet maturity bonds may be used instead of amortizing bonds. Bullet maturity bonds must be accompanied with sinking funds to match the required FLG2 Amortization Profile. LIL LP may seek third-party refinancing as required for the purposes of refinancing the outstanding balance of the FLG2 Debt of the LIL FV at the end of the term of such debt.

4.4 FLG2 Maximum Exposure	The maximum exposure to the Guarantor under the FLG2 at any given time shall be actual principal amounts outstanding on the FLG2 Debt at such time plus interest, fees and costs. The Guarantor will have security over any amounts in the FLG2 related sinking funds which will act to reduce the maximum exposure by offsetting the principal amounts outstanding.
4.5 FLG2 Conditions Precedent	The following conditions precedent (the "**FLG2 Conditions Precedent**") must be satisfied in form and substance acceptable to the Guarantor, acting reasonably, prior to the execution and delivery of the FLG2: (i) Execution of the FLG2 Assurance Agreement and all other relevant documents necessary to effect FLG2 Close ("**Financing Documents**"); (ii) Amendment of the intergovernmental agreement (the "**IGA**") between Canada and the NL Crown to provide identical commitments by NL Crown for the FLG2 as were provided for the FLG; (iii) Approval by the Guarantor, acting reasonably, of the Financing, Financing Structure, Financing Documents, and the Transaction Structure; (iv) A satisfactory report provided by an independent expert that the Projects have insurance coverage in place that is customary in projects of this nature and size; (v) Execution of a certificate by each Borrower that all necessary permits, approvals, land-use agreements and other required authorities have been obtained and remain in good standing or have been planned in accordance with industry practice and covenanted to be obtained as required; (vi) Confirmation of the continuance of the indemnity referred to in Section 5.9 and executed with the FLG Agreements and Project Finance Agreements; and (vii) Other reasonable conditions precedent customary in commercial project financing transactions.
4.6 Costs Incurred by Guarantor	All reasonable third-party costs incurred by the Guarantor in relation to the FLG2 shall be at the expense of the Borrowers consistent with past practice as to responsibility, billing and payment.
4.7 Guarantee Fee	The Funders will pay an annual guarantee fee, which will form a project cost, of 0.5% of the net amount of FLG2 Debt outstanding ("**Guarantee Fee**"). The Guarantee Fee will be split proportionally between MFLTA FV and LIL FV based on the respective amount of debt outstanding (total debt less sinking fund balances). The Guarantee Fee will be payable on the anniversary date of FLG2 Close from FLG2 Close until such time as the

	FLG2 Debt of a Funder has been fully repaid.
5. PROJECT DEBT	
5.1 Debt Service Coverage Ratio	Definition: The Debt Service Coverage Ratio ("**DSCR**") in respect of any Borrower, and in respect of any 12-month period, shall be calculated as follows: DSCR = Base Cash Flow/Debt Service, where: Base Cash Flow = Liquidity Reserves plus Contracted Revenues less Cash Operating Costs Debt Service = Amortization plus Interest Expense "Amortization" means the amortization amount of the FLG Debt, FLG2 Debt and Additional Debt for the period in question in respect of each Borrower (other than bullet payments of principal required to be made during any calculation period) "Interest Expense" means the interest expense of the FLG Debt, FLG2 Debt and Additional Debt for the period Contracted Revenues: (i) MFLTA: DSCR shall include the Base Block Revenue plus Liquidity Reserve, plus revenue from power purchase agreements with investment grade parties, based on total annual energy sales not to exceed (P50) energy production for MF plus LTA Tariff Revenue. (ii) LIL: DSCR shall include revenue from NL Hydro under the LIL Lease and Transmission Funding Agreement. "Cash Operating Costs" include all cash costs of the Borrowers, excluding interest and principal on any Guaranteed Debt. Test: The DSCR Test shall apply both prospectively and retrospectively except the DSCR Test shall apply only prospectively in the context of Additional Debt. DSCR will be calculated monthly on a rolling 12-month basis. "Base Block Revenue" means amounts paid by NL Hydro to MF in respect of the Base Block Energy purchase commitments as set out in the MF Power Purchase Agreement.

5.2 Debt Service Coverage Ratio	The DSCR for each Project shall be a minimum of 1.40x.
5.3 FLG2 DSCR Protocol	FLG2 DSCR protocol for disputes will be the same as the FLG DSCR Protocol.
5.4 Debt Equity Ratio	The maximum debt to equity ratios ("**DER**") of the Projects, on a fully combined basis, are: (a) MFLTA-65:35 (b) LIL-75:25
5.5 FLG2 Events of Default	Events of default will be the same as the events of default in the Project Finance Documents, including as to the cross-default provisions.
5.6 Security	The FLG2 Debt will rank *pari passu*, pro rata with the FLG Debt in all respects as to rights, payments and security. The security for the FLG2 Debt shall be in the same form as the existing security given by the Funders for the FLG and security given by the Borrowers in favour of the Funders in connection with the FLG2 Debt proceeds on-lent to them shall be in the same form as the existing security given by the Borrowers. The FLG2 Debt shall benefit in all the same fashion as the FLG Debt from the IGA which will be amended to incorporate the additional debt and terms.
5.7 Permitted Liens	The Borrowers shall have the same restrictions on Permitted Liens as currently contemplated in the Project Finance Agreements.
5.8 Permitted Debt & Additional Debt	The Borrowers shall have the same restrictions on Permitted Debt as currently contemplated in the Project Finance Agreements. No additional debt may be incurred by the Borrowers during the term of the FLG2, other than additional debt (i) constituting an operating line of credit, (ii) to finance a portion of cost increases from the 2016 Cost Estimate provided to the Guarantor to finance cost increases thereafter ("**Cost Overruns**"), or (iii) to finance costs associated with major repairs and refurbishments following the Commissioning Date (i to iii collectively, "**Additional Debt**"). Additional Debt shall be subject to the following conditions: (a) It shall not be covered by the FLG2; (b) It may be secured provided that it is subordinate to the Guaranteed Debt; and (c) It must satisfy the DER and DSCR-based tests on prospective, aggregate basis (taking into account the Guaranteed Debt and the Additional Debt) throughout the term of the Additional Debt.

5.9 Independent Engineer	The amended Project Finance Documents for FLG2 will continue as to the terms relating to the current engineer appointed by the Guarantor (the "**Independent Engineer**" or "**IE**"). Specifically, the IE shall continue to have the same level of access to management and employees of the Proponent or Borrowers as it enjoys today. The cost of the Independent Engineer shall continue to be borne by the Borrowers.The terms of the Project Finance Documents wherein the Borrowers indemnify and save the Guarantor harmless from and against any liability that the Guarantor incurs, in respect of the period prior to any realization of security in connection with an uncured Event of Default, solely by virtue of being found, in respect of the Projects, liable as a partner or joint venturer shall remain in force and extend to FLG2.
5.10 Expected Costs to Complete:	The expected costs to complete the Projects ("**Expected Costs to Complete**") in respect of any Borrower at any given time shall be determined by the Borrowers and reviewed and confirmed by the IE by way of an IE certificate to be provided in connection with any drawdown requests prior to the Commissioning Date. The 2016 Cost Estimates shall form the basis for the Independent Engineer's review of and confirmation of any proposed changes to such estimates on an ongoing basis as construction proceeds. Expected Costs to Complete shall include contingencies and escalation. Expected Costs to Complete shall also include any interest during construction and costs associated with the Financing prior to the Commissioning Date, calculated on a *pro forma* basis.
5.11 Change of Control	Restrictions on change of control shall be unamended from those in the Project Finance Agreements
5.12 Equipment Monitoring	The requirements for equipment monitoring following Commissioning Date shall be unamended from those in the Project Finance Agreements.
5.13 Good Utility Practice	"**Good Utility Practice**" shall be unamended from those in the Project Finance Agreements.
5.14 Debt-Equity Contributions	Subject to the conditions provided herein (including, without limitation, the Individual Project Debt Caps in respect of any Guaranteed Debt, and the funding of Cost Overruns), following FLG2 Close, debt and equity funds shall be invested as follows: (i) Initial $2.6 billion FLG Debt of MFLTA FV, $2.4 billion FLG Debt of LIL FV and equity shall be invested on a pro rata basis in accordance with the maximum DER for each Project until the FLG Debt is exhausted; (ii) FLG2 Debt and equity shall be invested on a pro rata basis in accordance with the maximum DER for each Project until the FLG2 Debt is exhausted; and (iii) thereafter, the Borrowers shall invest in their Projects by way of equity or Additional Debt, at their discretion but subject to maximum DER.

5.15 Distributions	Terms governing distributions will be unamended from those in the Project Finance Documents.
5.16 Debt Service Reserves and Liquidity Reserves	Debt Service Reserve and Liquidity Reserve requirements will be unamended from those in the Project Finance Documents.
5.17 Prepaid Rent Reserve for LIL	Prepaid rent terms will be unamended from those in the Project Finance Documents.
5.18 Reports	Reporting requirements will be unamended from those in the Project Finance Documents except as set out elsewhere in this Agreement.
5.19 Covenants	Affirmative and negative covenants will be unamended from those in the Project Finance Documents except as set out elsewhere in this Agreement.
5.20 Representations and Warranties	Representations and Warranties will be unamended from those in the Project Finance Documents except as set out elsewhere in this Agreement.

This Agreement shall enure to the benefit of Nalcor and its affiliates including the Project Entities and their respective permitted successors and assigns and shall be binding on the parties hereto. Each of the parties hereto represents and warrants that once this Agreement is accepted by it as herein provided, it shall constitute the irrevocable, legal, valid and binding obligation of such party, enforceable in accordance with its terms.

IN WITNESS WHEREOF each of the parties has executed this Agreement as of March 30, 2017.

HER MAJESTY THE QUEEN IN RIGHT OF CANADA,
as represented by

Per: _____
Authorized Signatory

The Honourable James Gordon Carr
Minister of Natural Resources

HER MAJESTY IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR,
as represented by

Per: _____
Hon. Dwight Ball, Premier and Minister for Intergovernmental Affairs

Per: _____
Hon. Siobhan Coady, Minister of Natural Resources

Per: _____
Hon. Cathy Bennett, Minister of Finance

NALCOR ENERGY

Per: _____
Stan Marshall, President and CEO

Per: _____
Derrick Sturge, Executive Vice-President,
Finance and CFO

MUSKRAT FALLS CORPORATION

Per: _____
Derrick Sturge, Executive Vice-President,
Finance and CFO

Per: _____
James Meaney, General Manager, Finance

LABRADOR TRANSMISSION CORPORATION

Per: _____
Derrick Sturge, Executive Vice-President,
Finance and CFO

Per: _____
James Meaney, General Manager, Finance

LABRADOR-ISLAND LINK LIMITED PARTNERSHIP, by its general partner, **LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION**

Per: _____
Derrick Sturge, Executive Vice-President, Finance and CFO

Per: _____
James Meaney, General Manager, Finance

This Offering Circular constitutes an offering of these Bonds (as defined below) only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by those persons permitted to sell such securities. No securities commission or similar authority in Canada or elsewhere has in any way passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence. No person is authorized to give any information or to make any representation not contained in this Offering Circular and, if given or made, such representation must not be relied upon. All capitalized terms used herein and not otherwise defined are as defined below under the heading "Glossary".

Offering Circular dated December 10, 2013

Canada

The Bonds (as defined below) offered pursuant to this Offering Circular benefit from a direct, absolute, unconditional and irrevocable guarantee of Canada authorizing any amount required to be paid by the terms of the guarantee out of the Consolidated Revenue Fund of Canada. The Bonds will be assigned a rating of "Aaa" by Moody's Investors Service, Inc., "AAA" by Standard & Poor's, a Standard & Poor's Financial Services LLC business, and "AAA" by DBRS Limited**.** The assignment of credit ratings is not a recommendation by a rating agency to buy, sell or hold the Bonds and such credit rating may be subject to review, reduction, suspension, revision or withdrawal at any time by the assigning rating agency. Please also refer to "Credit Ratings" below.

Newfoundland Labrador

nalcor energy

MUSKRAT FALLS / LABRADOR TRANSMISSION ASSETS FUNDING TRUST
(Bond Index Symbol – CANMFA)

Cdn$650,000,000 Aggregate Principal Amount of 3.63% Bonds, Series A, Due June 1, 2029
Cdn$675,000,000 Aggregate Principal Amount of 3.83% Bonds, Series B, Due June 1, 2037
Cdn$1,275,000,000 Aggregate Principal Amount of 3.86% Bonds, Series C, Due December 1, 2048

LABRADOR - ISLAND LINK FUNDING TRUST
(Bond Index Symbol – CANLIL)

Cdn$725,000,000 Aggregate Principal Amount of 3.76% Bonds, Series A, Due June 1, 2033
Cdn$600,000,000 Aggregate Principal Amount of 3.86% Bonds, Series B, Due December 1, 2045
Cdn$1,075,000,000 Aggregate Principal Amount of 3.85% Bonds, Series C, Due December 1, 2053

TD Securities Inc.

Goldman, Sachs & Co. | BMO Nesbitt Burns Inc. | CIBC World Markets Inc. | RBC Dominion Securities Inc. | Scotia Capital Inc.

Desjardins Securities Inc. | National Bank Financial Inc. | Beacon Securities Limited | Casgrain & Company Limited | HSBC Securities (Canada) Inc. | Laurentian Bank Securities Inc. | Merrill Lynch Canada Inc.

This Offering Circular relates to the offering by Muskrat Falls / Labrador Transmission Assets Funding Trust ("**MF LTA Trust**") of $650,000,000 aggregate principal amount of bonds, designated as Series A, due June 1, 2029 (the "**MF LTA Series A Bonds**"), $675,000,000 aggregate principal amount of bonds, designated as Series B, due June 1, 2037 (the "**MF LTA Series B Bonds**") and $1,275,000,000 aggregate principal amount of bonds, designated as Series C, due December 1, 2048 (the "**MF LTA Series C Bonds**" and collectively with the MF LTA Series A Bonds and the MF LTA Series B Bonds, the "**MF LTA Bonds"**) and to the offering by Labrador – Island Link Funding Trust ("**LIL Trust**") of $725,000,000 aggregate principal amount of bonds, designated as Series A, due June 1, 2033 (the "**LIL Series A Bonds**"), $600,000,000 aggregate principal amount of bonds, designated as Series B, due December 1, 2045 (the "**LIL Series B Bonds**") and $1,075,000,000 aggregate principal amount of bonds, designated as Series C, due December 1, 2053 (the "**LIL Series C Bonds**" and collectively with the LIL Series A Bonds and the LIL Series B Bonds, the "**LIL Bonds**"). The MF LTA Bonds and the LIL Bonds are collectively referred to as the "**Bonds**".

Price: $1,016.99 per $1,000 principal amount of MF LTA Series A Bonds
$1,020.44 per $1,000 principal amount of MF LTA Series B Bonds
$1,021.54 per $1,000 principal amount of MF LTA Series C Bonds

$1,018.47 per $1,000 principal amount of LIL Series A Bonds
$1,022.47 per $1,000 principal amount of LIL Series B Bonds
$1,016.67 per $1,000 principal amount of LIL Series C Bonds

TD Securities Inc. (the "**Sole Bookrunner**") together with Goldman, Sachs & Co. (with the Sole Bookrunner, the "**Underwriters**"), as principals, and a syndicate of agents which includes BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc. and Scotia Capital Inc. (together with the Underwriters, the "**Joint Lead Agents**") and a syndicate of co-managers which includes Desjardins Securities Inc., National Bank Financial Inc., Beacon Securities Limited, Casgrain & Company Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc. and Merrill Lynch Canada Inc. (collectively with the Joint Lead Agents, the "**Agents**"), conditionally offer the Bonds if, as and when sold by MF LTA Trust in accordance with the MF LTA Underwriting Agreement referred to under "Plan of Distribution" and if, as and when sold by LIL Trust in accordance with the LIL Underwriting Agreement referred to under "Plan of Distribution", all subject to the approval of certain legal matters by Fasken Martineau DuMoulin LLP and McInnes Cooper on behalf of MF LTA Trust and LIL Trust, and McCarthy Tétrault LLP and Stewart McKelvey on behalf of the Underwriters and Agents.

This Offering Circular should not be construed as containing investment, legal or tax advice to any particular purchaser of Bonds. Investors should consult their own investment, legal, tax and other advisors regarding any financial, legal, tax and other aspects of any purchase of Bonds.

NOTICE TO PROSPECTIVE INVESTORS

This Offering Circular has been prepared solely by MF LTA Trust and LIL Trust, and is provided to prospective purchasers of Bonds pursuant to this offering on a private and confidential basis for use solely in connection with their consideration of the purchase of all or a portion of the Bonds to be issued by MF LTA Trust and LIL Trust, and the use of this Offering Circular for any other purpose is not authorized and is prohibited. This Offering Circular may not be reproduced in

whole or in part, nor may any of its contents be divulged to third parties, without the prior written consent of MF LTA Trust, LIL Trust and the Sole Bookrunner.

THIS OFFERING CIRCULAR, ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH, THE INVOLVEMENT OF AND OPINIONS RELATING TO CANADA AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE BONDHOLDERS IN RELATION TO THE PROJECTS ARE CONFIDENTIAL. BY ACCEPTING A COPY OF THIS OFFERING CIRCULAR, RECIPIENTS AGREE THAT THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH, THE INVOLVEMENT OF AND OPINIONS RELATING TO CANADA AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS OF THE BONDS IN RELATION TO THE PROJECTS ARE CONFIDENTIAL, THAT THE RECIPIENT WILL ONLY USE THE INFORMATION FOR THE PURPOSES OF CONSIDERING A PURCHASE OF THE BONDS AND FOR NO OTHER PURPOSE AND THAT ALL SUCH DOCUMENTS AND INFORMATION WILL BE MAINTAINED IN A SECURE PLACE.

NOTICE REGARDING OFFERS IN THE EUROPEAN ECONOMIC AREA

This Offering Circular is not a prospectus for the purposes of the Prospectus Directive. This Offering Circular has been prepared on the basis that any offer of the Bonds in any Member State of the European Economic Area which has implemented Directive 2003/71/EC, as amended (the "Prospectus Directive") (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of Bonds which are the subject of the offering contemplated in this Offering Circular may only do so in circumstances in which no obligation arises for MF LTA Trust, LIL Trust or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither MF LTA Trust, LIL Trust nor any Underwriter has authorized, nor do they authorize, the making of any offer of Bonds in circumstances in which an obligation arises for MF LTA Trust, LIL Trust or any Underwriter to publish a prospectus for such offer. For the purposes of this paragraph, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

In the United Kingdom, this Offering Circular is for distribution only to: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); or (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Articles 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). In the United Kingdom, this Offering Circular and any of its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity to which this Offering Circular relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

IMPORTANT NOTICES

The information in this Offering Circular is given in a summary form and does not purport to be complete. It is not intended to be relied upon as advice to potential investors and does not take into account the investment objectives, financial situation or needs of any particular potential investor. Recipients of this Offering Circular must make their own assessment and/or seek independent advice on financial, legal, tax and other matters, including the merits and risks prior to making an investment decision.

FORWARD LOOKING STATEMENTS

This Offering Circular contains certain "forward-looking statements". These forward-looking statements are based on the beliefs of the Issuer management as well as assumptions made by and information currently available to the Issuer, and speak only as of the date of this Offering Circular. Forward-looking statements involve known and unknown risks, assumptions, uncertainties and other important factors that could cause actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding strategy, plans, objectives, goals and targets and future developments. The Issuer can give no assurance that the forward-looking statements in this Offering Circular will not materially differ from actual results, and the inclusion of forward-looking statements in the Offering Circular should not be regarded as a representation by the Issuer or any other person that they will be achieved. Recipients of this Offering Circular are cautioned not to place undue reliance on forward looking statements and the Issuer assumes no obligation to update such information.

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SUMMARY OF THE OFFERING

MF LTA Trust:	Muskrat Falls/Labrador Transmission Assets Funding Trust
LIL Trust:	Labrador – Island Link Funding Trust
The Offering:	$650,000,000 aggregate principal amount of MF LTA Series A Bonds $675,000,000 aggregate principal amount of MF LTA Series B Bonds $1,275,000,000 aggregate principal amount of MF LTA Series C Bonds $725,000,000 aggregate principal amount of LIL Series A Bonds $600,000,000 aggregate principal amount of LIL Series B Bonds $1,075,000,000 aggregate principal amount of LIL Series C Bonds
Price:	$1,016.99 per $1,000 principal amount of MF LTA Series A Bonds $1,020.44 per $1,000 principal amount of MF LTA Series B Bonds $1,021.54 per $1,000 principal amount of MF LTA Series C Bonds $1,018.47 per $1,000 principal amount of LIL Series A Bonds $1,022.47 per $1,000 principal amount of LIL Series B Bonds $1,016.67 per $1,000 principal amount of LIL Series C Bonds
Minimum Denomination:	$300,000 and integral multiples of $1,000 thereafter
Maturity:	The MF LTA Series A Bonds will mature on June 1, 2029. The MF LTA Series B Bonds will mature on June 1, 2037. The MF LTA Series C Bonds will mature on December 1, 2048. The LIL Series A Bonds will mature on June 1, 2033. The LIL Series B Bonds will mature on December 1, 2045. The LIL Series C Bonds will mature on December 1, 2053.
Interest:	The MF LTA Series A Bonds will bear interest at 3.63% per annum payable semi-annually in arrears on June 1 and December 1 in each year, commencing on June 1, 2014, except that the first payment of interest will reflect accrued interest from December 13, 2013. The MF LTA Series B Bonds will bear interest at 3.83% per annum payable semi-annually in arrears on June 1 and December 1 in each year, commencing on June 1, 2014, except that the first payment of interest will reflect accrued interest from December 13, 2013. The MF LTA Series C Bonds will bear interest at 3.86% per annum payable semi-annually in arrears on June 1 and December 1 in each year commencing on June 1, 2014, except that the first payment of interest will reflect accrued interest from December 13, 2013. The LIL Series A Bonds will bear interest at 3.76% per annum payable semi-annually in arrears on June 1 and December 1 in each year, commencing on June 1, 2014, except that the first payment of interest will reflect accrued interest from December 13, 2013. The LIL Series B Bonds will bear interest at 3.86% per annum payable semi-annually in arrears on June 1 and December 1 in each year, commencing on June 1, 2014, except that the first payment of interest will reflect accrued

interest from December 13, 2013.

The LIL Series C Bonds will bear interest at 3.85% per annum payable semi-annually in arrears on June 1 and December 1 in each year commencing on June 1, 2014, except that the first payment of interest will reflect accrued interest from December 13, 2013.

Ranking: The obligations of MF LTA Trust to pay principal of and interest on the MF LTA Bonds rank equally with all of MF LTA Trust's other unsecured and unsubordinated indebtedness and obligations issued and outstanding from time to time.

The obligations of LIL Trust to pay principal of and interest on the LIL Bonds rank equally with all of LIL Trust's other unsecured and unsubordinated indebtedness and obligations issued and outstanding from time to time.

Canada Guarantees: Each of the Canada Guarantees constitutes a direct, absolute, unconditional and irrevocable obligation of Canada and as such carries the full faith and credit of Canada. Canada has AAA ratings or equivalent from each of Moody's, Standard & Poor's, DBRS and Fitch Ratings. Any amounts payable under the Canada Guarantees in respect of the payment obligations of MF LTA Trust under the MF LTA Master Trust Indenture, the MF LTA Supplemental Indentures and the MF LTA Bonds, and in respect of the payment obligations of LIL Trust under the LIL Master Trust Indenture, the LIL Supplemental Indentures and the LIL Bonds, are payable out of the Consolidated Revenue Fund of Canada. Each of the Canada Guarantees ranks equally with all of Canada's other unsecured and unsubordinated indebtedness and obligations issued and outstanding from time to time.

Right of Redemption: MF LTA Trust will have the right to redeem the MF LTA Bonds prior to maturity for the amount described under the heading "Description of Bonds - Early Redemption".

LIL Trust will have the right to redeem the LIL Bonds prior to maturity for the amount described under the heading "Description of Bonds - Early Redemption".

Depository Service: Registrations and transfers of Bonds will be effected through the book-based systems administered by CDS, DTC, Clearstream, Luxembourg and Euroclear. Global certificates representing the MF LTA Series A Bonds, the MF LTA Series B Bonds, the MF LTA Series C Bonds, the LIL Series A Bonds, the LIL Series B Bonds and the LIL Series C Bonds will be held by CDS and definitive Bond certificates will not be available for delivery to Investors except in certain circumstances described under "Description of Bonds - Definitive Certificates".

Entitlement to Principal and Interest: The Fiscal and Paying Agent will pay to CDS as registered holder of the Bonds, the semi-annual interest payments on each applicable payment date, the principal amount on the applicable maturity date and any proceeds payable in connection with an early redemption. These payments will be made by the Fiscal and Paying Agent to CDS from funds received by it from MF LTA Trust in respect of the MF LTA Bonds and from LIL Trust in respect of the LIL Bonds. Owners of beneficial interests in the Bonds will receive payment in accordance with the customary procedures of CDS, DTC, Clearstream, Luxembourg and Euroclear.

CURRENCY

All amounts in this Offering Circular are expressed in Canadian dollars.

GLOSSARY

In addition to the terms defined elsewhere in this Offering Circular, the following terms used in this Offering Circular have the following meanings:

"**Business Day**" means a day other than a Saturday, Sunday, or statutory holiday in the Province of Newfoundland and Labrador, the Province of Ontario or the State of New York or any other day on which banking institutions in St. John's Newfoundland and Labrador, Toronto, Ontario or New York, New York are not open for the transaction of business.

"**Canada**" means the Government of Canada or Her Majesty the Queen in Right of Canada, as the context requires.

"**Canada Guarantees**" means the guarantees of Canada granted to the Indenture Trustee, pursuant to which Canada guarantees payment of the Guaranteed Obligations of MF LTA Trust and LIL Trust, respectively.

"**Canada Opinion**" means the opinion of the Department of Justice, Canada, in respect of each of the Canada Guarantees to be delivered on the date of the issuance of the Bonds.

"**Canada Yield Price**" in relation to any Bond being redeemed means the price, calculated at 11:30 a.m. (St. John's, Newfoundland and Labrador standard time) on the fifth Business Day preceding the date on which the Bonds are to be redeemed, which is that price that will provide a yield to maturity on such Bond (determined from the date on which the Bonds are to be redeemed), expressed as a rate per annum, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield.

"**Cassels Opinion**" means the opinion of Cassels Brock & Blackwell LLP in respect of each of the Canada Guarantees to be delivered on the date of issuance of the Bonds.

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

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Closing Date**" means December 13, 2013 or such other date as may be agreed upon by MF LTA Trust, LIL Trust, Canada and the Underwriters in respect of the issuance of the Bonds.

"**DBRS**" means DBRS Limited.

"**DTC**" means The Depositary Trust Company.

"**Euroclear**" means Euroclear Bank S.A./N.V.

"**European Economic Area**" or "**EEA**" mean the Member States of the European Union together with Iceland, Norway and Liechtenstein.

"**Fiscal and Paying Agency Agreements**" means, collectively, the MF LTA Fiscal and Paying Agency Agreement and the LIL Fiscal and Paying Agency Agreement.

"**Fiscal and Paying Agent**" means The Toronto-Dominion Bank, in its capacity as fiscal and paying agent under each of the Fiscal and Paying Agency Agreements.

"**Fitch Ratings**" means Fitch Ratings, Inc.

"**Government of Canada Yield**" means, on any date, the then current mid-market yield to maturity on such date expressed as a rate per annum, which a non-callable Government of Canada bond issued in Canadian dollars in Canada with interest payable semi-annually, not in advance, would yield if issued at 100% of its principal amount on such date with a term to maturity equal to the remaining average life of the Bonds being redeemed.

"**Guaranteed Obligations"** means, collectively, (a) the payment obligations of MF LTA Trust to holders of the MF LTA Bonds as to the MF LTA Bonds under the MF LTA Master Trust Indenture, the MF LTA Supplemental Indentures and the MF LTA Bonds including, without limitation, payment of all regularly scheduled instalments of principal of, and interest on, the MF LTA Bonds and all amounts payable upon early redemption of the MF LTA Bonds, and (b) the payment obligations of LIL Trust to holders of the LIL Bonds as to the LIL Bonds under the LIL Master Trust Indenture, the LIL Supplemental Indentures and the LIL Bonds including, without limitation, payment of all regularly scheduled instalments of principal of, and interest on, the LIL Bonds and all amounts payable upon early redemption of the LIL Bonds.

"**Indenture Trustee**" means Computershare Trust Company of Canada, in its capacity as indenture trustee under each of the Master Trust Indentures.

"**Investors**" means the purchasers of the Bonds under this offering.

"**LIL Fiscal and Paying Agency Agreement"** means the fiscal and paying agency agreement between LIL Trust, the Indenture Trustee and the Fiscal and Paying Agent to be entered into on or before the Closing Date.

"**LIL Master Trust Indenture**" means that certain master trust indenture dated as of November 29, 2013 between LIL Trust and the Indenture Trustee.

"**LIL Operating Company**" means Labrador – Island Link Operating Corporation, a corporation that is a subsidiary of Nalcor;

"**LIL Project**" means the construction of the Labrador - Island Link transmission line by LIL Partnership and the operation of the Labrador – Island Link transmission line by the LIL Operating Company, all as more fully described below under "The Projects".

"**LIL Partnership**" means Labrador – Island Link Limited Partnership acting through its general partner, Labrador – Island Link General Partner Corporation, a limited partnership that is majority owned by Nalcor.

"**LIL Series A Maturity Date**" means June 1, 2033.

"**LIL Series B Maturity Date**" means December 1, 2045.

"**LIL Series C Maturity Date**" means December 1, 2053.

"**LIL Supplemental Indentures**" means, collectively, the supplemental indenture to the LIL Master Trust Indenture pursuant to which the LIL Series A Bonds will be created and issued, the supplemental indenture to the LIL Master Trust Indenture pursuant to which the LIL Series B Bonds will be created and issued and the supplemental indenture to the LIL Master Trust Indenture pursuant to which the LIL Series C Bonds will be created and issued.

"**LIL Underwriting Agreement**" means the underwriting agreement between LIL Trust, LIL Partnership and the Underwriters, among others, to be entered into on or before the Closing Date.

"**Master Trust Indentures**" means, collectively, the LIL Master Trust Indenture and the MF LTA Master Trust Indenture.

"**MF LTA Fiscal and Paying Agency Agreement"** means the fiscal and paying agency agreement between MF LTA Trust, the Indenture Trustee and the Fiscal and Paying Agent to be entered into on or before the Closing Date.

"**MF LTA Master Trust Indenture**" means that certain master trust indenture dated as of November 29, 2013 between MF LTA Trust and the Indenture Trustee.

"**MF LTA Project**" means the construction and operation of the hydroelectric facility and transmission line by the MF LTA Project Companies, more fully described below under "The Projects".

"**MF LTA Project Companies**" means, collectively, Muskrat Falls Corporation and Labrador Transmission Corporation, of which each is a corporation that is a subsidiary of Nalcor.

"**MF LTA Series A Maturity Date**" means June 1, 2029.

"**MF LTA Series B Maturity Date**" means June 1, 2037.

"**MF LTA Series C Maturity Date**" means December 1, 2048.

"**MF LTA Supplemental Indentures**" means, collectively, the supplemental indenture to the MF LTA Master Trust Indenture pursuant to which the MF LTA Series A Bonds will be created and issued, the supplemental indenture to the MF LTA Master Trust Indenture pursuant to which the MF LTA Series B Bonds will be created and issued and the supplemental indenture to the MF LTA Master Trust Indenture pursuant to which the MF LTA Series C Bonds will be created and issued.

"**MF LTA Underwriting Agreement**" means the underwriting agreement between MF LTA Trust, the MF LTA Project Companies and the Underwriters, among others, to be entered into on or before the Closing Date.

"**Moody's**" means Moody's Investors Service, Inc.

"**Nalcor**" means Nalcor Energy.

"**Opinions**" means, collectively, the Canada Opinion and the Cassels Opinion.

"**Participant**" means a participant in the book-based system for securities transfers operated by CDS, DTC, Clearstream, Luxembourg or Euroclear, as the context may require.

"**Projects**" means, collectively, the MF LTA Project and the LIL Project.

"**Standard & Poor's**" means Standard & Poor's, a Standard & Poor's Financial Services LLC business.

"**Supplemental Indentures**" means, collectively, the LIL Supplemental Indentures and the MF LTA Supplemental Indentures.

"**Underwriting Agreements**" means, collectively, the LIL Underwriting Agreement and the MF LTA Underwriting Agreement.

MF LTA TRUST

MF LTA Trust is a trust settled by BNY Trust Company of Canada under the laws of the Province of Newfoundland and Labrador. MF LTA Trust's main purpose is to raise funds by way of the issuance of bonds with the proceeds of such bonds to be on-lent by MF LTA Trust to the MF LTA Project Companies to enable them to develop, construct and commission the MF LTA Project.

LIL TRUST

LIL Trust is a trust settled by BNY Trust Company of Canada under the laws of the Province of Newfoundland and Labrador. LIL Trust's main purpose is to raise funds by way of the issuance of bonds with the proceeds of such bonds to be on-lent by LIL Trust to LIL Construction Project Trust and then to be on-lent by LIL Construction Project Trust to LIL Partnership to enable it to develop, construct and commission the LIL Project. The LIL Project will be operated by LIL Operating Company.

THE PROJECTS

MF LTA Project

The MF LTA Project includes construction of an approximately 824 megawatt (MW) hydroelectric facility and a 250 km High Voltage direct current ("**HVdc**") transmission line connecting the foregoing new hydroelectric facility to an existing 5,400 MW hydroelectric facility at Churchill Falls, Labrador that will deliver electricity to homes and businesses in Newfoundland and Labrador.

The hydroelectric generating facility is being constructed at Muskrat Falls on the lower Churchill River, approximately 30 km west of Happy Valley-Goose Bay. The facility consists of two dams and a powerhouse, and will be the second-largest hydroelectric facility in Newfoundland and Labrador when complete.

The electricity generated by the hydroelectric generating facility will be delivered through a high voltage transmission system to Newfoundland and Labrador and other regions as Nalcor deems appropriate.

The MF LTA Project was sanctioned by Nalcor in December 2012. Construction is currently underway and will take approximately five years to complete.

LIL Project

The LIL Project includes construction of an HVdc transmission system with a 60 m wide right-of-way that will carry electricity from the generating facility at Muskrat Falls to the island of Newfoundland. It will be 1,100 km long, running from central Labrador, crossing the Strait of Belle Isle, and extending to Newfoundland's Avalon Peninsula.

DESCRIPTION OF BONDS

General

Each Investor, by purchasing an MF LTA Bond under the offering, will be deemed to have purchased such MF LTA Bond subject to the terms and conditions set out in the MF LTA Master Trust Indenture, the MF LTA Supplemental Indenture for the series of MF LTA Bond being purchased, the global certificate representing the series of MF LTA Bond being purchased and the MF LTA Fiscal and Paying Agency Agreement.

Each Investor, by purchasing an LIL Bond under the offering, will be deemed to have purchased such LIL Bond subject to the terms and conditions set out in the LIL Master Trust Indenture, the LIL Supplemental

Indenture for the series of LIL Bond being purchased, the global certificate representing the series of LIL Bond being purchased and the LIL Fiscal and Paying Agency Agreement.

The description of the Bonds and the Canada Guarantees in this Offering Circular is a brief summary of certain attributes and characteristics, which does not purport to be complete. For full particulars, reference should be made to the Canada Guarantees, the Master Trust Indentures, the Supplemental Indentures (to which is attached the form of global certificate) and the Fiscal and Paying Agency Agreements.

A copy of the forms of Canada Guarantees (and Opinions in respect thereof), the Master Trust Indentures, the Supplemental Indentures and the Fiscal and Paying Agency Agreements may be obtained at any time from the Indenture Trustee by contacting the Indenture Trustee at 100 University Avenue, 11th Floor, Toronto, Ontario, Canada M5J 2Y1.

Status and Ranking of Bonds

The MF LTA Bonds constitute direct and unconditional obligations of MF LTA Trust, which rank equally with all of MF LTA Trust's other unsecured and unsubordinated indebtedness and obligations issued and outstanding from time to time.

The LIL Bonds constitute direct and unconditional obligations of LIL Trust, which rank equally with all of LIL Trust's other unsecured and unsubordinated indebtedness and obligations issued and outstanding from time to time.

Canada Guarantees

The Guaranteed Obligations are guaranteed by Canada pursuant to the Canada Guarantees, and include an indemnity by Canada to pay to the Indenture Trustee all amounts as are required from time to time to ensure that holders of the Bonds receive and are paid the Guaranteed Obligations regardless of (a) the unenforceability or invalidity of the Guaranteed Obligations or any failure by MF LTA Trust or LIL Trust, as the case may be, to pay in full the Guaranteed Obligations when due, (b) any loss of any right of any holder of Bonds or the Indenture Trustee against MF LTA Trust or LIL Trust, as the case may be, in respect of the 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 Indenture Trustee, the Fiscal and Paying Agent or any other fiscal agent in connection with the enforcement of any of the rights of the Indenture Trustee against MF LTA Trust or LIL Trust, as the case may be.

The obligations of Canada under the Canada Guarantees are not conditional on nor impacted in any way by the performance of the Projects.

Status and Ranking of Canada Guarantees

Each of the Canada Guarantees constitutes a direct, absolute, unconditional and irrevocable, present and continuing, obligation of Canada and as such carries the full faith and credit of Canada. Any amounts payable under the Canada Guarantees in respect of the Guaranteed Obligations are payable out of the Consolidated Revenue Fund of Canada. Each of the Canada Guarantees ranks equally with all of Canada's other unsecured and unsubordinated indebtedness and obligations issued and outstanding from time to time.

Canada has AAA ratings or equivalent from each of Standard & Poor's, Moody's, DBRS and Fitch Ratings. The assignment of credit ratings is not a recommendation by a rating agency to buy, sell or hold a security and such credit rating may be subject to review, reduction, suspension, revision or withdrawal at any time by the assigning rating agency. Please also refer to "Credit Ratings" below.

Until the Guaranteed Obligations of each of MF LTA Trust and LIL Trust have been indefeasibly paid in full, the obligations of Canada under the applicable Canada Guarantee are not reduced, limited or terminated, nor is Canada discharged from any obligation under the applicable Canada Guarantee for any reason whatsoever.

Demands for Payment under Canada Guarantees

Within five Business Days of its receipt of a written demand from the Indenture Trustee, the Fiscal and Paying Agent or any other fiscal agent appointed under a Master Trust Indenture in the form prescribed by the applicable Canada Guarantee, Canada must pay to the Indenture Trustee each amount claimed in such demand in immediately available funds and as directed in such demand. Such written demand may be given upon an amount being due to holders of the Bonds not being paid by MF LTA Trust or LIL Trust, as the case may be, by the time specified in the applicable Master Trust Indenture on the date such payment is due. Upon payment by Canada of each amount claimed being made to the Indenture Trustee within such five Business Day period, MF LTA Trust or LIL Trust, as the case may be, will no longer be in default under its Master Trust Indenture.

There is no requirement for holders of the Bonds or the Indenture Trustee to seek or exhaust any recourse against MF LTA Trust or LIL Trust, as the case may be, before demand can be made under the Canada Guarantee.

Opinions in respect of the Canada Guarantees

On the date the Bonds are issued, the Canada Opinion and the Cassels Opinion will be delivered subject to the confidentiality provisions of this Offering Circular.

The Canada Opinion will state that (a) Canada has sufficient authority to execute, deliver and perform its obligations under each of the Canada Guarantees, (b) the signatory to each of the Canada Guarantees has been authorized to execute and deliver such Canada Guarantee, and (c) each of the Canada Guarantees has been duly and properly executed and delivered.

The Cassels Opinion, relying on the Canada Opinion and subject to certain qualifications, will state that (a) each of the Canada Guarantees is fully binding upon and enforceable against Canada in accordance with its terms, (b) the authorization, execution and delivery of each of the Canada Guarantees and the performance by Canada of its obligations under each of the Canada Guarantees does not conflict with or contravene any provisions of any statute or regulation to which Canada is subject, and (c) the obligations of each Canada Guarantee extend to the Bonds issued pursuant to the relevant Master Trust Indenture.

Interest

MF LTA

The MF LTA Series A Bonds will be issued in an aggregate principal amount of $650,000,000 and bear interest from the Closing Date at a rate of 3.63% per annum to (but excluding) the MF LTA Series A Maturity Date. The first payment of interest on the MF LTA Series A Bonds will occur on June 1, 2014 (reflecting interest from December 13, 2013 to but excluding that first payment date). Thereafter, interest on the MF LTA Series A Bonds will be payable in two equal semi-annual instalments in arrears on June 1 and December 1 of each year commencing on December 1, 2014, until (but excluding) the MF LTA Series A Maturity Date.

The MF LTA Series B Bonds will be issued in an aggregate principal amount of $675,000,000 and bear interest from the Closing Date at a rate of 3.83% per annum to (but excluding) the MF LTA Series B Maturity Date. The first payment of interest on the MF LTA Series B Bonds will occur on June 1, 2014 (reflecting interest from December 13, 2013 to but excluding that first payment date). Thereafter, interest

on the MF LTA Series B Bonds will be payable in two equal semi-annual instalments in arrears on June 1 and December 1 of each year commencing on December 1, 2014, until (but excluding) the MF LTA Series B Maturity Date.

The MF LTA Series C Bonds will be issued in an aggregate principal amount of $1,275,000,000 and bear interest from the Closing Date at a rate of 3.86% per annum to (but excluding) the MF LTA Series C Maturity Date. The first payment of interest on the MF LTA Series C Bonds will occur on June 1, 2014 (reflecting interest from December 13, 2013 to but excluding that first payment date). Thereafter, interest on the MF LTA Series C Bonds will be payable in two equal semi-annual instalments in arrears on June 1 and December 1 of each year commencing on December 1, 2014, until (but excluding) the MF LTA Series C Maturity Date.

LIL

The LIL Series A Bonds will be issued in an aggregate principal amount of $725,000,000 and bear interest from the Closing Date at a rate of 3.76% per annum to (but excluding) the LIL Series A Maturity Date. The first payment of interest on the LIL Series A Bonds will occur on June 1, 2014 (reflecting interest from December 13, 2013 to but excluding that first payment date). Thereafter, interest on the LIL Series A Bonds will be payable in two equal semi-annual instalments in arrears on June 1 and December 1 of each year commencing on December 1, 2014, until (but excluding) the LIL Series A Maturity Date.

The LIL Series B Bonds will be issued in an aggregate principal amount of $600,000,000 and bear interest from the Closing Date at a rate of 3.86% per annum to (but excluding) the LIL Series B Maturity Date. The first payment of interest on the LIL Series B Bonds will occur on June 1, 2014 (reflecting interest from December 13, 2013 to but excluding that first payment date). Thereafter, interest on the LIL Series B Bonds will be payable in two equal semi-annual instalments in arrears on June 1 and December 1 of each year commencing on December 1, 2014, until (but excluding) the LIL Series B Maturity Date.

The LIL Series C Bonds will be issued in an aggregate principal amount of $1,075,000,000 and bear interest from the Closing Date at a rate of 3.85% per annum to (but excluding) the LIL Series C Maturity Date. The first payment of interest on the LIL Series C Bonds will occur on June 1, 2014 (reflecting interest from December 13, 2013 to but excluding that first payment date). Thereafter, interest on the LIL Series C Bonds will be payable in two equal semi-annual instalments in arrears on June 1 and December 1 of each year commencing on December 1, 2014, until (but excluding) the LIL Series C Maturity Date.

Payments

The Fiscal and Paying Agent will deliver payment to CDS as the registered holder of global certificates representing the Bonds of amounts due thereunder on the relevant payment dates. CDS, upon receipt of any payment of principal or interest in respect of the Bonds, will on the date of payment pay such amounts to Participants shown on its book-based system as the holder of the applicable Bonds. Each such Participant will in turn pay the applicable amount to Investors in the Bonds shown as such in the records of the Participant according to the standing instructions and customary practices of the Participant. None of MF LTA Trust, LIL Trust, Canada, the Indenture Trustee or the Fiscal and Paying Agent is responsible or liable for any aspect of the records relating to or payments made by CDS, DTC, Clearstream, Luxembourg, Euroclear or any Participant. See "—Depository Service and Transfers", "Clearing and Settlement".

Payments with respect to principal of and interest on Bonds will only be made to CDS on a Business Day and if a date for payment is not a Business Day, payment shall be made on the next following Business Day.

MF LTA Trust and the Indenture Trustee will appoint the Fiscal and Paying Agent as paying agent for the MF LTA Bonds and LIL Trust and the Indenture Trustee will appoint the Fiscal and Paying Agent as paying agent for the LIL Bonds.

Maturity

The MF LTA Series A Bonds will mature and be payable in full on the MF LTA Series A Maturity Date. The MF LTA Series B Bonds will mature and be payable in full on the MF LTA Series B Maturity Date. The MF LTA Series C Bonds will mature and be payable in full on the MF LTA Series C Maturity Date.

The LIL Series A Bonds will mature and be payable in full on the LIL Series A Maturity Date. The LIL Series B Bonds will mature and be payable in full on the LIL Series B Maturity Date. The LIL Series C Bonds will mature and be payable in full on the LIL Series C Maturity Date.

Early Redemption

The Bonds are redeemable in whole or in part at the option of the issuer thereof prior to maturity on not less than 30 days' and not more than 60 days' notice, but are not repayable at the option of the holder. To redeem the Bonds prior to the applicable maturity date, MF LTA Trust or LIL Trust, as applicable, must pay a redemption price equal to the greater of: (i) the Canada Yield Price of the principal amount thereof to be redeemed; and (ii) the outstanding principal amount thereof to be redeemed; together in either case with accrued and unpaid interest up to but excluding the date fixed for redemption. The Bonds to be redeemed shall be selected on a pro rata basis in accordance with the principal amount of Bonds registered in the name of each holder. Each of MF LTA Trust and LIL Trust may, at any time and from time to time, purchase MF LTA Bonds and LIL Bonds, respectively, in the open market or by tender or private contract at any price.

Depository Service and Transfers

The Bonds may be acquired and held only through the book-based system of CDS, DTC, Clearstream, Luxembourg and Euroclear. On the Closing Date, MF LTA Trust will sign and deliver to CDS, and the Indenture Trustee will certify, a global certificate representing the MF LTA Series A Bonds, a global certificate representing the MF LTA Series B Bonds and a global certificate representing the MF LTA Series C Bonds, and LIL Trust will sign and deliver to CDS, and the Indenture Trustee will certify, a global certificate representing the LIL Series A Bonds, a global certificate representing the LIL Series B Bonds and a global certificate representing the LIL Series C Bonds. These global certificates will be held by CDS in fully registered form in the name of a nominee of CDS.

CDS maintains a computerized book-based system for securities transfers whereby Participants can make transfers of securities without physical movement of definitive certificates representing Bonds. Participants are primarily investment dealers, banks and trust companies. Investors must hold Bonds through a Participant. The Participant will be shown as the holder of Bonds on the book-based system of CDS and the Participant will reflect the beneficial ownership of Investors in Bonds on the books of the Participant. Investors may elect to hold beneficial interests in the Bonds directly through any of CDS (in Canada), DTC (in the United States) or Clearstream, Luxembourg or Euroclear (in Europe) if they are Participants of such systems, or indirectly through organizations which are Participants in such systems. DTC is a Participant in CDS. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their Participants through customers' securities accounts in the name of Clearstream, Luxembourg and Euroclear, respectively, on the books of their respective Canadian subcustodians (the "**Canadian Subcustodians**"), each of which is a Canadian Schedule I chartered bank, which in turn will hold such interests in customers' securities accounts in the names of the Canadian Subcustodians on the books of CDS.

Transfers of Bonds represented by the global certificates will be effected through records maintained by CDS for the global certificates (with respect to interests of Participants) and on the records of Participants (with respect to interests of Investors). After transfers have been agreed to by Participants, they will instruct CDS to effect the transfers through book-entry deliveries. Book-entry deliveries are made by crediting an account of a Participant representing a purchaser with Bonds and debiting the account of another Participant representing a vendor with respect to such Bonds. CDS calculates and reports the delivery and payment obligations and each Participant makes a net payment to, or receives a net payment from, CDS. See "Clearing and Settlement".

Investors will not receive definitive certificates representing Bonds except in certain circumstances described under "Description of Bonds - Definitive Certificates". Those positions will be reflected solely through appropriate entries in the book-based system of CDS, DTC, Clearstream, Luxembourg and Euroclear and in the books of the Participant through whom an Investor has acquired Bonds. Investors will receive confirmation slips confirming their purchase of a Bond.

Until Bonds may be acquired and held other than through the book-based system of CDS, DTC, Clearstream, Luxembourg and Euroclear, Investors will not be recognized by the Indenture Trustee or the Fiscal and Paying Agent as the holder of Bonds. All references herein or in the Master Trust Indentures, the Supplemental Indentures or the global certificates with respect to Bonds or to distributions, notices, reports and statements to or actions by Investors will be made to or by CDS as registered holder of the global certificates representing the Bonds, for the benefit of owners of beneficial interests in the Bonds, including Participants of CDS, DTC, Clearstream, Luxembourg and Euroclear.

The Indenture Trustee shall not be required to register any transfer or exchange of Bonds (i) for a period of 10 Business Days preceding the date of a payment of interest or principal until the date of such payment, (ii) in an amount less than $500,000 unless such lesser amount reflects all of a holder's ownership interest in respect of such Bond, (iii) on the day of selection by the Indenture Trustee of Bonds to be redeemed early until the date that the notice of redemption is mailed, or (iv) for any Bonds that have been selected or called for redemption, unless such Bonds are not redeemed.

Definitive Certificates

No beneficial owner of Bonds will be entitled to receive physical delivery of Bonds in certificated form except in the limited circumstances described below.

If CDS is unwilling or unable to continue to hold the global certificates representing the Bonds or if CDS ceases to be a recognized clearing agency and a successor is not appointed by MF LTA Trust or LIL Trust, as the case may be, or if MF LTA Trust or LIL Trust, as the case may be, elects to terminate the book-entry system with respect to the Bonds, upon surrender of the global certificates representing the Bonds, MF LTA Trust or LIL Trust, as the case may be, will execute Bonds in definitive registered form, and the Indenture Trustee will authenticate and deliver such certificated Bonds in an aggregate principal amount equal to the aggregate principal amount of the global certificates.

Discharge of Bonds

Any and all rights and claims of an Investor in Bonds will be conclusively satisfied, discharged, or exhausted, as the case may be, at such time as the Bonds have been paid in full.

Governing Law

The Bonds will be governed by, and construed in accordance with, the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein.

Voting

The MF LTA Master Trust Indenture will provide that all holders of MF LTA Series A Bonds, MF LTA Series B Bonds and MF LTA Series C Bonds will vote together on any matter requiring their approval, subject to a separate approval by holders of a series where the interests of that series only are differently affected. The LIL Master Trust Indenture will provide that all holders of LIL Series A Bonds, LIL Series B Bonds and LIL Series C Bonds will vote together on any matter requiring their approval, subject to a separate approval by holders of a series where the interests of that series only are differently affected.

CREDIT RATINGS

The Bonds will be given long-term credit ratings of Aaa by Moody's, AAA by Standard & Poor's and AAA by DBRS.

According to Moody's, long-term obligations rated "Aaa" by Moody's are judged to be of the highest quality, with minimal credit risk.

According to Standard & Poors, the "AAA" rating category is the highest of the rating categories used by Standard & Poors for long-term debt obligations and denotes that the obligor's capacity to meet its financial commitment on the obligation is extremely strong.

According to DBRS, the "AAA" rating category used by DBRS denotes "the highest credit quality" and is the highest of the rating categories used by DBRS.

Credit ratings are intended to provide investors with an independent measure of an issue of securities. The credit ratings accorded to the Bonds are not recommendations to purchase, hold or sell such Bonds and the ratings are not a comment upon the market price of the Bonds or their suitability for a particular investor. The assignment of credit ratings is not a recommendation by a rating agency to buy, sell or hold the Bonds and such credit rating may be subject to review, reduction, suspension, revision or withdrawal at any time by the assigning rating agency.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations for a purchaser who acquires Bonds pursuant to this Offering Circular and who, for purposes of the *Income Tax Act* (Canada) ("**Tax Act**") and at all relevant times, deals at arm's length, and is not affiliated, with MF LTA Trust or LIL Trust, as the case may be.

This summary is based on the provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and an understanding of the current administrative and assessing practices and policies published by the Canada Revenue Agency in writing prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as proposed, but there is no assurance that this will be the case. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, governmental, judicial or administrative decision or action, nor does it take it into account other federal or any provincial, territorial or foreign tax considerations which may differ significantly from those described in this Offering Circular.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, specific advice to any particular purchaser of Bonds. This summary is not exhaustive of all Canadian federal income tax considerations. Prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

Investors Resident in Canada

The following portion of this summary is applicable to a purchaser who, at all relevant times, for purposes of the Tax Act, is a resident of Canada and holds Bonds as capital property ("**Canadian Holder**"). Generally a Bond will be capital property to a purchaser provided the purchaser does not acquire or hold the Bond in the course of carrying on a business of buying and selling securities or as part of an adventure in the nature of trade. This portion of the summary is not applicable to any purchaser that is a "financial institution" that is subject to special rules relating to mark-to-market properties and specified debt obligations, to any purchaser an interest in which would be a "tax shelter investment", as defined in the Tax Act, or to any purchaser that reports its "Canadian tax results" within the meaning of section 261 of the Tax Act in a currency other than Canadian currency.

Interest on Bonds

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on Bonds that becomes receivable or is received by such Canadian Holder before the end of the year, to the extent that such interest was not including in computing the Canadian Holder's income for a preceding taxation year.

Any other Canadian Holder, including an individual, will be required to include in computing its income for a taxation year any interest on Bonds that is received or receivable by such Canadian Holder (depending on the method regularly followed by the Canadian Holder in computing its income) to the extent that such interest was not included in the Canadian Holder's income for a preceding taxation year.

Any amount paid to a Canadian Holder as a penalty or bonus because of the repayment of all or part of the principal amount of a Bond before its maturity will be deemed to be received by the Canadian Holder as interest on the Bond at that time and will be required to be included in the Canadian Holder's income as described above to the extent that such amount can reasonably be considered to relate to, and does not exceed the value at that time of, interest that, but for the repayment, would have been paid or payable on the Bond for taxation years ending after that time.

Disposition of Bonds

Upon a disposition or a deemed disposition of a Bond, a Canadian Holder generally will be required to include in computing its income for the taxation year in which the disposition occurs the amount of interest on the Bonds that has accrued to the Canadian Holder to that time except to the extent that such interest has otherwise been included in the Canadian Holder's income for the year or a preceding taxation year.

Generally, on a disposition or deemed disposition of a Bond, a Canadian Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the adjusted cost base to the Canadian Holder of the Bond immediately before the disposition or deemed disposition and any reasonable costs of disposition. Any amount included in a Canadian Holder's income as interest in respect of a Bond is excluded from the proceeds of disposition of the Bond. Generally a Canadian Holder is required to include in income for a taxation year one-half of any capital gain (a "taxable capital gain") realized upon disposition of a Bond by the Canadian Holder in the year. Subject to and in accordance with the provisions of the Tax Act a Canadian Holder is required to deduct one-half of any capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized by the Canadian Holder in that year. Allowable capital losses in excess of taxable capital gains for a year may be applied against net taxable capital gains realized in any of the three preceding years or any subsequent year in accordance with the detailed provisions of the Tax Act.

Additional Refundable Tax

A Canadian Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including interest and taxable capital gains.

Qualified Investment

If issued on the date of this Offering Circular, the Bonds would be qualified investments under the Tax Act on such date for trusts governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan and a tax-free savings account.

Investors not Resident in Canada

The following portion of the summary is applicable to a purchaser of Bonds, including entitlement to all payments thereunder, who, for purpose of the Tax Act at all relevant times, is not, and is not deemed to be, resident in Canada, does not use or hold, and is not deemed to use or hold, the Bonds in carrying on a business in Canada, deals at arm's length with MF LTA Trust or LIL Trust, as the case may be, and any and all transferees resident (or deemed to be resident) in Canada to whom the holder disposes of any of the Bonds, is not an authorized foreign bank that receives amounts paid or credited on the Bonds in respect of its Canadian banking business and is not an insurer that carries on an insurance business in Canada and elsewhere ("**Non-Resident Holder**").

Amounts paid or credited, or deemed to be paid or credited, to a Non-Resident Holder as, on account or in lieu of payment of, or in satisfaction of, interest on Bonds will be exempt from Canadian withholding tax. No other taxes on income (including taxable capital gains) will be payable pursuant to the Tax Act by a Non-Resident Holder in respect of the acquisition, ownership or disposition of Bonds.

CLEARING AND SETTLEMENT

Links have been established among CDS, DTC, Clearstream, Luxembourg and Euroclear to facilitate the initial issuance of the Bonds and cross-market transfers of the Bonds associated with secondary market trading. CDS will be linked directly to DTC and will be linked to Clearstream, Luxembourg and Euroclear through the CDS accounts of their respective Canadian Subcustodians.

The Clearing Agencies

CDS

CDS is Canada's national securities clearing and depositary services organization. Functioning as a service utility for the Canadian financial community, CDS provides a variety of computer automated services for financial institutions and investment dealers active in domestic and international capital markets. CDS Participants include banks (including the Canadian Subcustodians), investment dealers and trust companies and may include certain of the Underwriters and Agents. Indirect access to CDS is available to other organizations that clear through or maintain a custodial relationship with a CDS Participant. Transfers of ownership and other interests, including cash distributions in Bonds in CDS may only be processed through CDS Participants and will be completed in accordance with existing CDS rules and procedures.

DTC

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve

System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). DTC was created to hold securities of its Participants and to facilitate the clearance and settlement of securities transactions among its Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need for physical movement of securities certificates. DTC's Participants include securities brokers and dealers (including the Underwriters), banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant ("**indirect participants**").

DTC is a Participant of CDS.

Clearstream, Luxembourg

Clearstream, Luxembourg holds securities for its Participants and facilitates the clearance and settlement of securities transactions between its Participants through electronic book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg Participants are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a Clearstream, Luxembourg Participant. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear Bank.

Distributions with respect to the Bonds held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg Participants in accordance with its rules and procedures, to the extent received by the Canadian Subcustodian for Clearstream, Luxembourg.

Euroclear

Euroclear holds securities for Euroclear Participants and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the Underwriters and the Agents. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Distributions with respect to the Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Canadian Subcustodian for Euroclear.

Global Clearance and Settlement Procedures

Settlement for the Bonds will be in immediately available Canadian dollar funds.

Secondary market trading between CDS Participants will be in accordance with market conventions applicable to transactions in book-based Canadian domestic bonds. Secondary market trading between DTC, Clearstream, Luxembourg and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of DTC, Clearstream, Luxembourg and Euroclear, as applicable, and will be settled using the procedures applicable to conventional debt securities in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through CDS Participants, on the one hand, and directly or indirectly through DTC, Clearstream, Luxembourg or Euroclear Participants, on the other, will be effected in CDS in accordance with CDS rules; however, such cross-market transactions will require delivery of instructions to the relevant clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. The relevant clearing system will, if the transaction meets its settlement requirements, deliver instructions to CDS directly or through its Canadian Subcustodian to take action to effect final settlement on its behalf by delivering or receiving bonds in CDS, and making or receiving payment in accordance with normal procedures for settlement in CDS. DTC, Clearstream, Luxembourg and Euroclear Participants may not deliver instructions directly to CDS or the Canadian Subcustodians.

Because of time-zone differences, credits of Bonds received by Clearstream, Luxembourg or Euroclear as a result of a transaction with a CDS Participant will be made during subsequent securities settlement processing and dated the business day following the CDS settlement date. Such credits or any transactions in such Bonds settled during such processing will be reported to the relevant Clearstream, Luxembourg or Euroclear Participants on such business day. Cash received by Clearstream, Luxembourg or Euroclear as a result of sales of Bonds by or through a Clearstream, Luxembourg or a Euroclear Participant to a CDS Participant will be received with value on the CDS settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in CDS.

Although CDS, DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of bonds among CDS, DTC, Clearstream, Luxembourg and Euroclear Participants, they are under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

PLAN OF DISTRIBUTION

Under the MF LTA Underwriting Agreement, MF LTA Trust will agree to sell all, but not less than all, of the MF LTA Bonds, and the Underwriters will agree, severally and not jointly nor jointly and severally, to purchase the MF LTA Bonds on the Closing Date, for an aggregate price of $650,234,000 in respect of the MF LTA Series A Bonds, $675,108,000 in respect of the MF LTA Series B Bonds and $1,275,255,000 in respect of the MF LTA Series C Bonds.

Under the LIL Underwriting Agreement, LIL Trust will agree to sell all, but not less than all, of the LIL Bonds, and the Underwriters will agree, severally and not jointly nor jointly and severally, to purchase the LIL Bonds on the Closing Date, for an aggregate price of $725,304,500 in respect of the LIL Series A Bonds, $600,114,000 in respect of the LIL Series B Bonds and $1,075,225,750 in respect of the LIL Series C Bonds.

The rights and obligations of the Underwriters may, prior to purchasing the Bonds, be terminated on the occurrence of certain events. The obligations of MF LTA Trust and LIL Trust to sell, and of the Underwriters to purchase, the Bonds are subject to compliance with all necessary legal requirements and

to the terms and conditions contained in the MF LTA Underwriting Agreement and the LIL Underwriting Agreement, respectively. Subscriptions for the Bonds will be received subject to rejection or allotment in whole or in part by the Underwriters and the right is reserved by the Underwriters to close subscriptions at any time without notice.

Purchasers may be required to pay stamp duties or taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price set forth above.

The Bonds are a new issue of securities with no established trading market and one may not exist in the future. Each of MF LTA Trust and LIL Trust has been advised by the Underwriters that the Underwriters intend to make a market in the Bonds but are not obligated to do so and may discontinue market making activities with respect to the Bonds at any time without notice. No assurance can be given as to the liquidity of the trading market for the Bonds. The offering prices for the Bonds will be determined by negotiation between the Underwriters and MF LTA Trust, in respect of the MF LTA Bonds, and between the Underwriters and LIL Trust, in respect of the LIL Bonds.

In connection with this offering, the Underwriters may purchase and sell Bonds in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Underwriters of a greater number of Bonds than they are required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Bonds while this offering is in progress. These activities by the Underwriters, as well as other purchases by the Underwriters for their own account, may stabilize, maintain or otherwise affect the market price of the Bonds. As a result, the price of the Bonds may be higher than the price that otherwise might prevail in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and nonfinancial activities and services. The Underwriters and their affiliates have provided, and may in the future provide, a variety of these services to MF LTA Trust and LIL Trust and to persons and entities with relationships with MF LTA Trust and with LIL Trust, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of MF LTA Trust or LIL Trust (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with MF LTA Trust or LIL Trust. The Underwriters and their affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Each of MF LTA Trust and LIL Trust has agreed to indemnify the Underwriters against certain liabilities.

The Bonds are offered for sale in Canada, in the United States (as described below) and internationally where it is legal to make such offers. In the United States, the Bonds are offered only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the *Securities Act of 1933*, as amended (the "**1933 Act**")) in reliance on Rule 144A under the 1933 Act. In the case of offers in the United States,

offers and sales may be made only if this Offering Circular is accompanied by the United States offering memorandum (the "**United States Offering Memorandum**").

Each of the Underwriters has acknowledged that the offering of the Bonds in certain jurisdictions may be restricted by law. In particular, in the European Economic Area, the Bonds may not be offered and sold, directly or indirectly, in any jurisdiction which has implemented the Prospectus Directive, except under circumstances that will result in compliance with the Prospectus Directive and any implementing legislation in the relevant Member States (including the European Economic Area) and the Underwriters have represented that all offers and sales by them will be made on the same terms.

Each of the Underwriters has agreed that it has not offered, sold or delivered and it will not offer, sell or deliver, directly or indirectly, any of the Bonds or distribute this Offering Circular, the United States Offering Memorandum or any other offering material relating to the Bonds, in or from any jurisdiction except under circumstances that will, to the best of its knowledge and belief having made due enquiry, result in compliance with the applicable laws and regulations thereof and will not require registration of the Bonds or filing of a prospectus with respect to the Bonds or other disclosure or filing requirements under the laws of such jurisdiction.

United States

The Bonds have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act.

Accordingly, the Bonds offered hereby are being offered and sold only (a) to Qualified Institutional Buyers in compliance with Rule 144A under the 1933 Act, and (b) in offers and sales that occur outside the United States to foreign purchasers other than U.S. persons in offshore transactions meeting the requirements of Rule 903 of Regulation S under the 1933 Act. As used herein, the term ''offshore transaction,'' ''United States'' and ''U.S. person'' have the respective meaning given to them in Regulation S.

In addition, until 40 days after the commencement of the offering of Bonds pursuant to the Offering Circular, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the 1933 Act if such an offer or sale is made in another manner.

European Economic Area

In relation to each Relevant Member State with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer of the Bonds may not be made to the public in that Relevant Member State other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100, or if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive (as defined below), 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives of the several Underwriters; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Bonds shall require MF LTA Trust, LIL Trust or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, the expression an "**offer of Bonds to the public**" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

MF LTA Trust and LIL Trust have not authorized and do not authorize the making of any offer of the Bonds through any financial intermediary, other than offers made by the Underwriters with a view to the final placement of the Bonds as contemplated in this Offering Circular. Accordingly, no purchaser of Bonds, other than the Underwriters, is authorized to make any further offer of Bonds on behalf of MF LTA Trust or LIL Trust.

The Netherlands

The Bonds will only be offered in the Netherlands in reliance to Article 3(2) of the Prospectus Directive (i) to Qualified Investors (as defined in the Prospectus Directive as defined under "European Economic Area" above), or (ii) if, in accordance with article 5:20(5) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), standard logo and exemption wording are incorporated in offer documents, advertisements and documents in which the offer is announced.

United Kingdom

Each Underwriter has represented and agreed with MF LTA Trust and LIL Trust that, in connection with the distribution of the Bonds:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to MF LTA Trust or LIL Trust; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "**Financial Instruments and Exchange Law**") and each Underwriter has agreed with MF LTA Trust and LIL Trust that it will not offer or sell any Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

The Bonds may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance, and no advertisement, invitation or document relating to the Bonds may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance. The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong. Prospective investors in Hong Kong are advised to exercise caution in relation to the Offering. If a prospective investor in Hong Kong is in any doubt about any of the contents of this Offering Circular, independent professional advice should be obtained.

Singapore

This Offering Circular has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, pursuant to Section 275(1) or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) by operation of law; or (4) as specified in Section 276(7) of the SFA.

The Bahamas

The offer of Bonds is not open to the public in The Bahamas. The offering of each Bond directly or indirectly in or from within The Bahamas may only be made by an entity or person who is licensed as a broker dealer or securities investment advisor by the Securities Commission of The Bahamas. Persons deemed "resident" of The Bahamas pursuant to the Exchange Control Regulations, 1956 of The Bahamas must receive the prior approval of The Central Bank of The Bahamas before accepting an offer to purchase or purchasing the Bonds.

British Virgin Islands

This Offering Circular and the Bonds offered herein have not been, and will not be, recognized or registered under the laws and regulations of the British Virgin Islands ("**BVI**"). The Bonds may not be offered or sold in the BVI except in circumstances in which MF LTA Trust or LIL Trust, as the case may be, this Offering Circular and the Bonds do not require recognition by or registration with the authorities of the BVI. This Offering Circular is not a solicitation or offer of interests to members of the public in the BVI.

Cayman Islands

This is not an offer to the members of the public in the Cayman Islands to subscribe for Bonds, and applications originating from the Cayman Islands will only be accepted from sophisticated persons or high net worth persons, in each case within the meaning of the Cayman Islands Securities Investment Business Law (as amended).

People's Republic of China

This Offering Circular may not be circulated or distributed in the People's Republic of China ("**China**") and the Bonds may not be offered or sold, and will not be offered or sold, to any person for re-offering or resale directly or indirectly to any resident of China except pursuant to applicable laws and regulations of China. For the purpose of this paragraph, China does not include Taiwan or the special administrative regions of Hong Kong and Macau.

United Arab Emirates

The Bonds have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering or the sale of securities.

LEGAL MATTERS

Certain legal matters in connection with the Bonds will be passed upon for MF LTA Trust and LIL Trust by Fasken Martineau DuMoulin LLP and McInnes Cooper, and for the Underwriters and Agents by McCarthy Tétrault LLP and Stewart McKelvey.

PROSPECTUS EXEMPTION

The offering, issue, sale and delivery of the Bonds in accordance with the terms of the Underwriting Agreements is exempt from the prospectus requirements of the securities laws of all of the provinces and territories of Canada. No other documents are required to be filed, proceedings taken, or approvals, permits, consents or authorizations of securities regulatory authorities obtained under the securities laws of the provinces and territories of Canada to permit the offering, issuance, sale and delivery of the Bonds.

RIGHTS OF RESCISSION OR DAMAGES FOR PURCHASERS

Investors are cautioned that except as set out below, securities laws of the provinces and territories of Canada do not provide for any rights of rescission or rights to claim damages in connection with any misrepresentation contained in this Offering Circular.

Nova Scotia

If this Offering Circular or any amendment hereto or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of a material fact or omits to state a material

fact that is required to be stated or that is necessary in order to make any statement contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser to whom this Offering Circular has been sent or delivered and who purchases Bonds referred to herein is deemed to have relied on such misrepresentation if it was a misrepresentation at the time of purchase and the purchaser has, subject as hereinafter provided, a right of action for damages against the seller (the term "seller" includes MF LTA Trust and/or LIL Trust, as the case may be) and against every director of the seller or the purchaser may elect instead to exercise a right of rescission against the seller, in which case the purchaser has no right of action for damages against the seller or directors of the seller, provided that:

(i) no action shall be commenced to enforce the right of rescission or damages more than 120 days after the date payment was made for the Bonds (or after the date on which initial payment was made for the Bonds where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(ii) no person or company is liable if the person or company proves that the purchaser purchased the Bonds with knowledge of the misrepresentation;

(iii) no person or company, other than MF LTA Trust and/or LIL Trust, as the case may be, is liable if the person or company proves that:

A. this Offering Circular, or the amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

B. after delivery of this Offering Circular, or the amendment hereto, and before the purchase of the Bonds by the purchaser, on becoming aware of any misrepresentation in this Offering Circular, or the amendment hereto, the person or company withdrew the person's or company's consent to this Offering Circular, or the amendment hereto, and gave reasonable general notice of the withdrawal and the reason for it; or

C. with respect to any part of this Offering Circular, or amendment hereto, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this Offering Circular, or amendment hereto, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(iv) no person or company, other than MF LTA Trust and/or LIL Trust, as the case may be, is liable with respect to any part of this Offering Circular, or amendment hereto, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(v) in an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the Bonds resulting from the misrepresentation;

(vi) the amount recoverable by a plaintiff may not exceed the price at which the Bonds were offered under this Offering Circular or amendment hereto;

(vii) a person or company is not liable for a misrepresentation in forward-looking information (as defined in the *Securities Act* (Nova Scotia)) (other than forward-looking information in a financial statement or forward-looking information in a document released in connection with an initial public offering) if the person or company proves all of the following things:

A. the document containing the forward-looking information contained, proximate to that information,

a) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and

b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;

B. the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Circular or amendment to this Offering Circular, the misrepresentation is deemed to be contained in this Offering Circular or amendment to this Offering Circular.

The foregoing rights of action for rescission or damages are in addition to and not in derogation from any other right or remedy available at law or otherwise to the purchaser.

Newfoundland and Labrador, Prince Edward Island, Northwest Territories and Nunavut

Investors in Prince Edward Island, Northwest Territories and Nunavut also have and investors in Newfoundland and Labrador may have certain rights of rescission or rights to claim damages in connection with any misrepresentation contained in this Offering Circular. Investors in those provinces and those territories should refer to the securities legislation of their respective province or territories for the complete text of such legislation or consult with a lawyer.

GENERAL INFORMATION

As at the Closing Date, each of MF LTA Trust and LIL Trust will have obtained all necessary consents, approvals and authorisations to be obtained by it in connection with the issue and performance of the Bonds and the Canada Guarantees. The issue of the MF LTA Bonds is within the authority conferred on BNY Trust Company of Canada by the declaration of trust that created MF LTA Trust and the issue of the LIL Bonds is within the authority conferred on BNY Trust Company of Canada by the declaration of trust that created LIL Trust.

MF LTA Trust is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the MF LTA Bonds nor, so far as MF LTA Trust is aware, is any such litigation or arbitration pending or threatened. LIL Trust is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the LIL Bonds nor, so far as LIL Trust is aware, is any such litigation or arbitration pending or threatened.

Under the European Council Directive 2003/48/EC of 3 June 2003, Member States are required, from July 1, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. For a transitional period, certain Member States are instead required (unless during such transitional period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

The MF LTA Series A Bonds have been accepted for clearance through CDS, DTC, Clearstream, Luxembourg and Euroclear systems with the Common Code of 100488493, the ISIN of CA 628153AA60 and the CUSIP number of 628153AA6. The MF LTA Series B Bonds have been accepted for clearance through CDS, DTC, Clearstream, Luxembourg and Euroclear systems with the Common Code of 100488558, the ISIN of CA 628153AB44 and the CUSIP number of 628153AB4. The MF LTA Series C Bonds have been accepted for clearance through CDS, DTC, Clearstream, Luxembourg and Euroclear systems with the Common Code of 100488566, the ISIN of CA 628153AC27 and the CUSIP number of 628153AC2.

The LIL Series A Bonds have been accepted for clearance through CDS, DTC, Clearstream, Luxembourg and Euroclear systems with the Common Code of 100488612, the ISIN of CA 505443AA94 and the CUSIP number of 505443AA9. The LIL Series B Bonds have been accepted for clearance through CDS, DTC, Clearstream, Luxembourg and Euroclear systems with the Common Code of 100488647, the ISIN of CA 505443AB77 and the CUSIP number of 505443AB7. The LIL Series C Bonds have been accepted for clearance through CDS, DTC, Clearstream, Luxembourg and Euroclear systems with the Common Code of 100488655, the ISIN of CA 505443AC50 and the CUSIP number of 505443AC5.

ISSUERS

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Labrador – Island Link Funding Trust

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GUARANTOR

Canada

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