

## CANADIAN LENDERS ASSURANCE FACILITY GUARANTEE

This Canadian Lenders Assurance Facility Guarantee (as amended from time to time, this “**Guarantee**”) is given as of February 25, 2009 by **HER MAJESTY THE QUEEN IN RIGHT OF CANADA** (the “**Guarantor**”), as represented by the Minister of Finance, in favour of each Beneficiary (as defined below) from time to time.

### RECITALS

A. This Guarantee is being provided by the Guarantor under the Canadian Lenders Assurance Facility program, a component of Canada’s implementation of the G7 Plan of Action to stabilize financial markets, restore the flow of credit and support global economic growth.

B. Eligible Canadian financial institutions participating in the program may from time to time request the Guarantor to guarantee a specific instrument under this Guarantee.

NOW THEREFORE, for good and valuable consideration, the Guarantor hereby agrees with each Beneficiary as follows:

### ARTICLE 1 – INTERPRETATION

#### Section 1.1 Definitions

In this Guarantee the following terms have the following meanings:

- (1) “**Accrued Yield**” means, as of any particular time, with reference to a Guaranteed Instrument issued on an interest-bearing basis, the amount of overdue or unpaid interest accrued up to such time and, with reference to a Guaranteed Instrument issued on a discount basis, an amount equal to the present value of the stated face amount of such instrument discounted to such time at a discount rate equal to the discount rate applied to calculate the subscription price for the instrument.
- (2) “**Beneficiary**” means, in respect of a Guaranteed Instrument, the Person to whom the related Guaranteed Obligations are owed from time to time and any Person authorized to act on behalf of such Person in connection with the enforcement of obligations under the Guaranteed Instrument as indenture trustee, collateral agent, paying agent, *fondé de pouvoir*, holder of a power of attorney or otherwise.
- (3) “**Business Day**” means any day except Saturday or Sunday on which the Bank of Canada is open for business in Ottawa, Canada.
- (4) “**Demand**” has the meaning given to it in Section 3.1(1).
- (5) “**Due Date**” has the meaning given to it in Section 2.1(b).
- (6) “**Expiry Date**” has the meaning given to it in Section 2.4.

(7) **“Guarantee Certificate”** means a certificate in the form attached as Schedule 1.1(7) issued by the Guarantor in favour of an Issuer certifying that obligations of the Issuer to pay principal and Accrued Yield under the instrument specified in the certificate are guaranteed under this Guarantee.

(8) **“Guaranteed Instrument”** means any specific instrument in respect of which a Guarantee Certificate has been issued and has not expired.

(9) **“Guaranteed Obligations”** means, with respect to a Guaranteed Instrument, any amounts of principal and Accrued Yield owing under the Guaranteed Instrument that have become due and payable in accordance with its terms, whether on a scheduled payment date, at maturity or on default, acceleration, enforcement or otherwise, on or prior to the Expiry Date.

(10) **“Issue Date”** of a Guaranteed Instrument means the date on which the Guaranteed Instrument is issued.

(11) **“Issuer”** of a Guaranteed Instrument means the Person that issued the Guaranteed Instrument.

(12) **“Person”** means any natural person, sole proprietorship, partnership, corporation, trust, joint venture, governmental authority, incorporated or unincorporated entity, or incorporated or unincorporated association of any nature.

## **Section 1.2 Rules of Interpretation**

In this Guarantee:

- (a) words importing the singular include the plural and vice versa and words importing gender include the masculine, feminine and neutral genders;
- (b) the terms “in writing” and “written” include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including, without limitation, telexes, telegraphs, telecopies or electronic mail;
- (c) “including” means “including, without limitation,” and the various forms of the verb “include” have similar meanings; and
- (d) the division of this Guarantee into articles and sections and the insertion of headings are for reference only and are not to affect the construction or interpretation of this Guarantee.

## ARTICLE 2 – GUARANTEE

### Section 2.1 Guarantee

Subject to Section 2.3 and Section 3.5 below, the Guarantor hereby irrevocably and unconditionally:

- (a) guarantees to each Beneficiary payment by each applicable Issuer of the Guaranteed Obligations owed to such Beneficiary under the related Guaranteed Instrument; and
- (b) undertakes in favour of each Beneficiary that, whenever the applicable Issuer does not pay any Guaranteed Obligation on the date on which it becomes due and payable under the terms of the Guaranteed Instrument (the “**Due Date**”), the Guarantor shall, upon a Demand by the Beneficiary made in accordance with Section 3.1, pay that Guaranteed Obligation in accordance with this Guarantee.

### Section 2.2 Obligations Not Affected

Subject to Section 2.3, the obligations of the Guarantor hereunder shall not be affected or impaired by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder which, but for this provision, might constitute a whole or partial defence to a claim against the Guarantor hereunder or might operate to release or otherwise exonerate the Guarantor from any of its obligations hereunder or otherwise affect such obligations, and the Guarantor hereby irrevocably waives any defence it may now or hereafter have in any way relating to the foregoing.

### Section 2.3 Amendments

The Guarantor shall not be liable under Section 2.1 in respect of any Guaranteed Instrument that has been varied, amended, waived, released, novated, supplemented, extended or restated in any respect without notice to and the prior written consent of the Guarantor.

### Section 2.4 Term and Expiry

This Guarantee takes effect with respect to each Guaranteed Instrument on the Issue Date of the Guaranteed Instrument and will expire at 11:59 p.m., Ottawa time, on the third anniversary of the Issue Date (the “**Expiry Date**”), as set out in the applicable Guarantee Certificate, regardless of whether the term of the Guaranteed Instrument extends beyond the Expiry Date. However, such expiry will not affect the obligations of the Guarantor hereunder in respect of any amounts of principal or interest that became due and payable on or prior to the Expiry Date.

## ARTICLE 3 – DEMAND AND PAYMENT

### Section 3.1 Demand

- (1) Any demand for payment by a Beneficiary under this Guarantee (a “**Demand**”) must be made by notice in writing in the form attached as Schedule 3.1(1) and delivered to the addressee specified therein.
- (2) If any Beneficiaries are represented collectively by any Person authorized by the terms of a trust indenture, trust deed, note indenture, custodial agreement or similar document to act on behalf of such Beneficiaries in connection with the enforcement of obligations under the related Guaranteed Instrument in the capacity of indenture trustee, collateral agent, paying agent, holder of a power of attorney, *fondé de pouvoir* or similar capacity (each, a “**Representative**”), any Demand hereunder must be made by such Representative and shall not be made by any such Beneficiaries individually.
- (3) A Demand will not be valid under this Guarantee unless:
  - (a) the amount claimed is due to the Beneficiary and remains unpaid despite the Beneficiary having served a demand for payment on the applicable Issuer;
  - (b) the Due Date of the Guaranteed Obligation in respect of which the Demand is given falls on or before the applicable Expiry Date;
  - (c) it is in the form of Schedule 3.1(1); and
  - (d) it is otherwise made in accordance with this Section 3.1.

### Section 3.2 Currency of Payment

Each payment to be made by the Guarantor hereunder in respect of a Guaranteed Obligation shall be payable in the currency or currencies in which such Guaranteed Obligation is denominated.

### Section 3.3 Withholdings

All amounts payable by the Guarantor under this Guarantee shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Guarantor is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Guarantor shall pay to the Beneficiary such additional amount as is necessary to enable the Beneficiary to receive a net amount equal to the full amount payable hereunder.

### Section 3.4 Subrogation and Indemnity

- (1) The Guarantor shall be subrogated to all of the rights of the Beneficiary against the applicable Issuer in respect of any amount paid by the Guarantor pursuant to this Guarantee;

provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of or based upon such rights of subrogation until all related Guaranteed Obligations have been paid in full.

(2) Any claim that the Guarantor may have against an Issuer by way of subrogation or indemnity in connection with this Guarantee shall not, by virtue of such right of subrogation or indemnity, create a first charge on the assets of the Issuer for the purposes of paragraph 369(1)(a) of the *Bank Act* (Canada), paragraph 374(1)(a) of the *Trust and Loan Companies Act* or paragraph 353(1)(a) of the *Cooperative Credit Associations Act* (Canada), if applicable, or any successors thereto.

### **Section 3.5 Alternative Purchase Commitment**

(1) It is acknowledged that pursuant to sections 26 and 29(1) of the *Financial Administration Act* (Canada), no payments may be made by the Guarantor out of the Consolidated Revenue Fund in satisfaction of its obligations under Section 2.1 hereof without the authority of an act of Parliament (an “**Appropriation Act**”). Accordingly, if a Demand is delivered to the Guarantor by a Beneficiary at a time when an Appropriation Act is not in force, then the Guarantor shall satisfy its obligations under Section 2.1 hereof by purchasing from the Beneficiary (a “**Purchase**”) all or an undivided interest in the related Guaranteed Instrument (the “**Purchased Interest**”), determined in accordance with subsection (2) below, for a purchase price (the “**Purchase Price**”) equal to the amount required to be paid under the Demand, in accordance with this Section 3.5. Receipt from the Guarantor by the Beneficiary of such Purchase Price shall be deemed to satisfy in full the obligations of the Guarantor under Section 2.1 as between the Beneficiary and the Guarantor in respect of the applicable Demand.

(2) The Purchased Interest acquired by the Guarantor upon a Purchase under this Section 3.5 will be a beneficial property interest in the related Guaranteed Instrument, the nature and extent of which will be determined as follows:

- (a) If the related Demand requires payment in full by the Guarantor of Guaranteed Obligations in an aggregate amount equal to all amounts of principal and Accrued Yield under the Guaranteed Instrument, which amounts have become due and payable under the Guaranteed Instrument on maturity or by acceleration after default, then the Purchased Interest acquired by the Guarantor upon payment of a Purchase Price equal to such aggregate amount will equal 100% of the related Beneficiary’s right, title and interest in and to the related Guaranteed Instrument. Accordingly, upon payment of such Purchase Price by the Guarantor in accordance with the related Demand, the Beneficiary shall be deemed to have sold and assigned to the Guarantor, without representation or warranty, and the Guarantor shall be deemed to have purchased as principal from the related Beneficiary, all of such Beneficiary’s right, title and interest in and to the related Guaranteed Instrument.
- (b) If the related Demand requires payment by the Guarantor of Guaranteed Obligations comprising one or more scheduled payments of interest and/or

principal prior to maturity, then the Purchased Interest acquired by the Guarantor upon payment of a Purchase Price equal to such scheduled payments shall be the right of the related Beneficiary to receive such scheduled payments from the Issuer and demand payment thereof. Accordingly, upon payment of such Purchase Price by the Guarantor in accordance with the related Demand, the Beneficiary shall be deemed to have sold and assigned to the Guarantor, without representation or warranty, and the Guarantor shall be deemed to have purchased as principal from the related Beneficiary, the Beneficiary's right to receive from the Issuer such scheduled payments under the related Guaranteed Instrument and to demand payment thereof. Notwithstanding such sale and assignment, the Beneficiary shall retain the right to accelerate the maturity of the Guaranteed Instrument by reason of the Issuer's failure to make the scheduled payments when the same were due and payable to the extent and in the manner provided in the Guaranteed Instrument.

(3) By delivering a Demand to the Guarantor at any time when an Appropriation Act is not in force, a Beneficiary shall be deemed to have required the Guarantor to Purchase the applicable Purchased Interest from the Beneficiary as provided in subsection (1) or (2) above, as the case may be. Concurrent with the delivery of such Demand, the Beneficiary shall tender the applicable Purchased Interest to the Guarantor or such depository or other Person as the Guarantor may direct in accordance with applicable market practice, the terms and conditions of the Guaranteed Instrument and the rules and procedures of any clearing agency or depository through which trades in the Guaranteed Instrument are settled, and as the Guarantor may otherwise direct.

(4) The Guarantor shall pay the related Purchase Price or cause the same to be paid to the applicable Beneficiary in the currency or currencies in which the related Guaranteed Obligations are denominated and at the same time and in the same manner as the amount required to be paid under the related Demand; and each such Demand shall be deemed to direct the Guarantor to pay the Purchase Price to the Person and/or account specified by the Beneficiary therein and otherwise in accordance with the instructions set out in the Demand as if the Claimed Amount, as defined in and specified in the Demand, were the applicable Purchase Price.

(5) It is acknowledged that as the beneficial owner of a Purchased Interest in a Guaranteed Instrument, the Guarantor shall not be treated as a Beneficiary hereunder to the extent of such Purchased Interest in that upon consummation of the related Purchase, the obligations of the Guarantor as guarantor hereunder shall merge with the rights of the Guarantor as Beneficiary hereunder and thereby be extinguished. However, all other provisions of this Guarantee shall apply to Purchases made under this Section 3.5, *mutatis mutandis*, including Section 3.4 hereof.

## **ARTICLE 4 – GENERAL**

### **Section 4.1 Applicable Law**

This Guarantee is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

#### **Section 4.2 Jurisdiction**

Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

#### **Section 4.3 Severability**

Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

#### **Section 4.4 Amendments**

The Guarantor may amend, supplement or restate this Guarantee at any time in its sole discretion upon giving notice of such amendment to each Issuer in accordance with Section 4.6; provided, however, that (except to the extent that such amendment is required by applicable law), no such amendment, supplement or restatement may prejudice the interests of any Beneficiary.

#### **Section 4.5 Successors and Assignees**

This Guarantee shall be binding upon the Guarantor and its assigns and shall enure to the benefit of the Beneficiaries and their respective successors, personal representatives and assigns.

#### **Section 4.6 Notice**

(1) Each notice hereunder must be given in writing and delivered personally or by courier, sent by prepaid registered mail or transmitted by fax to the recipient as follows:

if to the Guarantor:

Department of Finance Canada  
20<sup>th</sup> Floor, East Tower  
L'Esplanade Laurier  
140 O'Connor Street  
Ottawa, Ontario K1A 0G5

Attention: Assistant Deputy Minister  
Financial Sector Policy Branch

Fax No: (613) 952-1596

if to an Issuer: to the Secretary of such Issuer addressed to its registered head office or such other address for service as the Issuer may provide to the Guarantor by notice in writing;

if to any Beneficiary: by notice to the Issuer for forwarding to the applicable Beneficiary or to such other address for service as the Issuer or such Beneficiary may provide to the Guarantor by notice in writing;

or to any other address, fax number or Person that the recipient designates by notice in writing to the other party.

(2) Any notice, if delivered personally or by courier, will be deemed to have been given when actually received; if transmitted by fax before 3:00 p.m., Ottawa time, on a Business Day, will be deemed to have been given on that Business Day; and if transmitted by fax after 3:00 p.m., Ottawa time, on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

#### **Section 4.7 Counterparts**

This Guarantee may be executed in any number of separate counterparts, which counterparts shall collectively and separately constitute one agreement.


#### **Section 4.8 Choice of Language**

The parties confirm that it is their wish that this Guarantee, as well as any other documents relating to this Guarantee, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. *Les parties aux présentes confirment leur volonté que cette garantie, de même que tous les documents, y compris tous avis, annexes et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.*

IN WITNESS WHEREOF the Guarantor has executed this Guarantee under its hand as of the date first above written.

**HER MAJESTY THE QUEEN IN RIGHT  
OF CANADA, as represented by the Minister  
of Finance**

By: \_\_\_\_\_



Name: Jeremy Rudin

Title: Assistant Deputy Minister  
Financial Sector Policy Branch  
Finance Canada



**Schedule 1.1(7) – Guarantee Certificate****CANADIAN LENDERS ASSURANCE FACILITY  
GUARANTEE CERTIFICATE**

Guarantee Certificate No. [●]

Date: [●, 200●]

Reference is made to (a) the Canadian Lenders Assurance Facility Guarantee (the "Guarantee") made as of February \_\_, 2009, by Her Majesty the Queen in Right of Canada, as represented by the Minister of Finance (the "Guarantor"), in favour of the Beneficiaries from time to time as defined therein, and (b) the Canadian Lenders Assurance Facility Participation Agreement made as of \_\_\_\_\_, 200\_ between the Guarantor and [●] (the "Issuer") (the "CLAFPA"). Capitalized terms used in this Certificate and not otherwise defined have the meanings given to them in the Guarantee or the CLAFPA, as applicable.

The undersigned hereby CERTIFIES that the proposed instrument of the Issuer described in the schedule attached to this certificate (the "Instrument"), will, when and if issued, be a Guaranteed Instrument for the purposes of the CLAFPA, and as such, will be guaranteed by the Guarantor under, or otherwise have the benefit of, the Guarantee in accordance with the terms and conditions thereof, provided that the Instrument has been issued by the Issuer on or before 30 days after the date of this Certificate and provided also that as between the terms and conditions of the Instrument as described in the schedule attached hereto and the terms and conditions of the Instrument as issued, there is no material variance which has not been approved by or notice of which has not been given to the Minister in accordance with the CLAFPA.

Pursuant to the CLAFPA, this Certificate is valid only in respect of a single issuance of the Instrument, up to the maximum Aggregate Face Amount specified in the schedule to this Certificate.

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA,  
as represented by the Minister of Finance,  
by the BANK OF CANADA as Administrative Agent**

By: \_\_\_\_\_;  
(Signature)

Name: \_\_\_\_\_;  
(Print)

Title: \_\_\_\_\_;  
(Print)

By: \_\_\_\_\_;  
(Signature)

Name: \_\_\_\_\_;  
(Print)

Title: \_\_\_\_\_;  
(Print)

## Schedule to Guarantee Certificate No. [●]

<b>Issuer</b>	<b>ISIN</b>	<b>Maximum Aggregate Face Amount</b>	<b>Instrument Type</b>	<b>Coupon /Discount Rate</b>	<b>Maturity Date</b>	<b>Currency</b>	<b>Anticipated Issue Date</b>

**Schedule 3.1(1) – Notice of Demand****CANADIAN LENDERS ASSURANCE FACILITY GUARANTEE  
NOTICE OF DEMAND**[*date*]

Department of Finance Canada  
 20<sup>th</sup> Floor, East Tower  
 L'Esplanade Laurier  
 140 O'Connor Street  
 Ottawa, Ontario K1A 0G5

Attention: Assistant Deputy Minister  
 Financial Sector Policy Branch  
 Fax No: (613) 952-1596

Dear Sirs/Mesdames:

**Re:** [*Description of Guaranteed Instrument and ISIN*] (the “**Instrument**”)

1. Reference is made to the Canadian Lenders Assurance Facility Guarantee (the “**Guarantee**”) dated as of February \_\_, 2009 given by Her Majesty the Queen in Right of Canada as represented by the Minister of Finance. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Guarantee.
2. The Instrument is a “Guaranteed Instrument” for the purposes of the Guarantee, as evidenced by Guarantee Certificate Number [ ] dated [ ].
3. We are the [holder of] [indenture trustee for the holders of] [custodian for the holders of] [principal amount] of the Instrument and as such are a Beneficiary under the Guarantee entitled to make demand thereunder.
4. We hereby demand payment in accordance with the Guarantee of the sum of [ ] (the “**Claimed Amount**”).
5. We hereby certify as follows:
  - (a) the Claimed Amount represents \$[ ] [of principal] [and] \$[ ] [of Accrued Yield] comprising Guaranteed Obligations that are now due and payable to the Beneficiary under the Instrument as follows: [*describe Guaranteed Obligations and their due dates, acceleration, etc.*]; and

- (b) notice of demand for payment of the Claimed Amount has been served on the Issuer in accordance with the Guaranteed Instrument and the Issuer has failed to pay the Claimed Amount set out in such demand.

6. Kindly arrange for payment of the Claimed Amount [by wire transfer] as follows:

Financial  
institution:

Bank number:

Transit number:

Account number:

[Account name:]

[SWIFT code]

[other particulars:]

Yours very truly,

**[Beneficiary ]**

By: \_\_\_\_\_

Name:  
Authorized Signatory