

2. If at the time when or before power is first generated at the works to be constructed by the Power Commission at said Grand Falls.

(a) the Power Commission shall have paid or shall pay to the Falls Company

(1) said one million two hundred thousand dollars (\$1,200,000) with interest thereon at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum from the first day of November, 1925, compounded annually, and

(2) the amount of all taxes for the year current in June, 1925, and subsequent years on the properties of the Falls Company and any other carrying charges thereon, less the amount of any rentals or other income received from or in respect of any of the said properties for the period beginning January 1, 1925; and

(b) the Power Commission shall have paid or shall pay to the Paper Company

(1) said _____ dollars (\$) with interest from the first day of November, 1925, at the rate of six per cent (6%) per annum compounded annually; and

(2) the amount of all taxes for the year current in June, 1925, and subsequent years on the lands included in the property specified in said Schedule A and in respect of any flowage rights included in the property so specified and any other carrying charges thereon; then the Trustee shall deliver all of the above-mentioned deeds to the Power Commission and shall re-deliver to the Power Commission all of the above-mentioned bonds with attached thereto all coupons attached when said bonds were delivered to the Trustee. For proof of the fact of such payments the Trustee shall be entitled to rely, in the case of payments to the Falls Company, on a certificate signed by its President, and, in the case of payments to the Paper Company, on a certificate signed by its President.

3. If at the time when power is first generated at said Grand Falls or within thirty (30) days thereafter the Power Commission shall not have paid to the Falls Company and the Paper Company the respective amounts specified in Paragraph 2 hereof or if power is not generated at said Grand Falls on or before the first day of July, 1934, and the Power Commission shall not within one year thereafter have surrendered to the Falls Company and to the Paper Company and any of its subsidiaries possession of all lands of any of them into possession of which the Power Commission shall then have entered pursuant to the permission granted under the Sale and Purchase Agreement, then in either such case the Trustee shall, at the request in writing of the Falls Company or of the Paper Company and upon payment to the Trustee of its fees and expenses then accrued hereunder, deliver the above-mentioned bonds, with all coupons attached, to the Falls Company and to the Paper Company pro rata according to the respective amounts of the payments provided for under the provisions of Paragraph 2 hereof. The bonds and coupons so delivered to the Falls Company and to the Paper Company shall constitute credits as follows on the respective amounts of the payments provided for under the provisions of said Paragraph 2 namely credits to the amount of the value of the bonds (bearing interest from the date of such delivery) on a five and one-half per cent ($5\frac{1}{2}\%$) interest basis as determined by the Bond Table, sixth and enlarged edition, copyright 1921, published by Harris Forbes and Company, of New York City, a copy of which has been deposited with the Trustee, plus the face amount of all matured coupons and the amount accrued to said date on the coupon next

W.L. Mackenzie King Papers

Memoranda & Notes

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