

SECOND AMENDMENT TO FINANCIAL AGREEMENT

THIS AGREEMENT made as of the 1st day of August, 1996

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the Minister of Agriculture, Fisheries and Food

(the "Province")

AND:

COLUMBIA BASIN TRUST, a corporation incorporated under the *Columbia Basin Trust Act*

(the "Trust")

WHEREAS:

A. The Province and the Trust entered into an agreement made as of July 22, 1995, and amended it by an Amending Agreement made as of April 17, 1996 (collectively, the "Financial Agreement"); and

B. The Province and the Trust wish to amend the Financial Agreement as set out herein.

THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements set out herein, the parties agree as follows:

1. INTERPRETATION

1.1 **Definitions.** In this agreement, capitalized words and expressions will have the meaning attributed to them in the Financial Agreement as amended by this Agreement.

1.2 **One Document.** The Financial Agreement will be read in conjunction with this Agreement as if all the provisions of the Financial Agreement and this Agreement were contained in one instrument.

2. AMENDMENT TO FINANCIAL AGREEMENT

2.1 **Legal Title to Power Project Assets.** Paragraph 1.1(j)(iv) of the Financial Agreement is deleted and the following is substituted therefor:

"(iv) that all assets which relate to the Power Project to be carried on by that Joint Venture will be held:

- A. in the name of CPC, which will dedicate all rights to the use and enjoyment of such assets to the Joint Venture and which will, if requested to do so by the Trust after all indebtedness incurred by the Joint Venture in respect of the Power Projects has been repaid and security therefor has been discharged, transfer to the Trust Subsidiary legal title to the Trust Subsidiary's proportionate share of such assets; or
- B. at the option of the Province, in the name of a nominee corporation whose constating documents are substantially similar to those of Brilliant Power Funding Corporation ("BPFC") and which becomes party to and acquires the assets pursuant to a nominee agreement substantially similar to the Nominee Agreement dated as of May 3, 1996 among BPFC, CPC and CBT Power Corp."

2.2 **Equity Requirements of a Power Project.** Paragraph 4.5(b) of the Financial Agreement is amended by adding the words "(which will be deemed to include amounts required to pay Corporation Capital Tax and similar taxes and funds required by the terms of Power Project financing arrangements to be established and held on specific terms for specific purposes (such as a debt service reserve fund))" immediately prior to the semi-colon at the end of that paragraph.

2.3 **Trustee for Annual Payments.** Paragraph 4.5 is amended by adding the words "(who may be Her Majesty the Queen in right of the Province of British Columbia, represented by the Chief Investment Officer)" after the words "institutional trustee".

