A Confidential Presentation

Project / Infrastructure Finance Review

May 12, 2009

Presented By

TD Securities

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Project Financing Overview

Infrastructure Finance

- Infrastructure projects in Canada have traditionally been financed by governments
- In the 1990s, Public-Private Partnerships ("PPP") were introduced to Canada, and have since become a dominant business model for infrastructure projects
  - Provision of infrastructure with the transfer of risk between public and private partners
- Infrastructure has become a popular investment class
  - Investors appreciate the stable returns and ability to deploy large amounts of capital
  - Equity providers like the long-term assets/contracts, high potential leverage, stable cash flows and government support
  - Debt providers, particularly pension funds and insurance companies, like the stability and long term nature of the contracts that create low-risk, long-term investment opportunities
- With the proliferation of PPPs in Canada, a critical mass of expertise has formed
  - BC, Ontario, Alberta and Quebec have created government agencies dedicated to PPPs

Power Project Finance

- The National Energy Board forecasts power demand to increase at a compound annual growth rate of 1.3% per annum
  - Coupled with the many planned retirements, there will continue to be a significant requirement for new generation capacity in Canada despite challenging economic conditions
- A variety of Provincial Requests for Proposals combined with Federally mandated GHG emissions standards continue to drive new generation and influence fuel sources
  - Provinces are increasingly considering the ability to finance as a key consideration when awarding power purchase agreements
- The majority of new generation has been built by large integrated corporations or consortiums involving a large corporation
  - These well capitalized, experienced developers are a strong fit for Canadian banks and accordingly, have shown a desire / ability to finance in the bank market
  - Other examples have seen large projects financed directly in the bond market
- Conversely, the junior developers (largely focused on renewables) have typically had difficulty raising the necessary equity and debt financing to complete larger projects
    - This trend has been further exacerbated given the recent market dislocation

[NTD: Add Goreway Station]

TD Securities: Infrastructure and Power Experience

- TD Securities continues to be actively involved in project/infrastructure and power financing and advisory

TD Securities' Relevant PPP / Infrastructure Experience			
	Niagara Health System - St. Catharines *Co-Lead Agent - $134 million (Mar-09)* *Co-Lead Lender - $155 million (Mar-09)*		**AccessJustice Durham** *Lead Underwriter - $214 million (Mar-07)*
	Ornge *Lead Lender and Advisor - $175 million (Oct-08)*		**Infrastructure Ontario** *Lead Capital Markets Advisor to Province (2006)*
	**Kingston General Hospital** *Sole Arranger - $130 million (July-08)*		**Golden Ears Bridge** *Consortium Financial Advisor (Jan-06)*
	Deh Cho Bridge *Sole Agent - $165 million (Feb-08)*	Goreway Station Partnership	**Goreway Station Partnership** *Co-Lead Arranger & Admin Agent (Sep-05)*
	**Ottawa Regional Cancer Centre** *Sole Arranger - $113 million (Dec-07)*		**Okanagan Bridge Group** *Consortium Financial Advisor (Jun-05)*
	East Windsor Co-Generation *Sole Agent - $179 million (Nov-07)*		**Sound Highway Development** *Consortium Financial Advisor (Oct 04)*
ROFLP	**Royal Office Finance LP** *Sole Lead and Bookrunner - $1.257 bln (Oct-07)*		**Falls Management Company** *Sole Underwriter - $700 million (Jul-02)*
	Attractions Hippiques Quebec *Sole Agent - $125 million (Jun-07)*		**Scotia Schools Trust** *Lead Agent - $113 million (Mar-99)*

Infrastructure and Power Finance in the Current Market

Challenges in the Current Market

- Capital scarcity has reduced available funding for power and other infrastructure projects globally
  - Fewer lenders are in the marketplace
    - Loans being made are for reduced tenor and size
  - Global bank funding has reduced considerably and traditional Canadian private placement investors have limited capacity
- Pricing and fees are increasing
- Tighter covenants are demanded by investors
  - Scrutiny of construction subcontractors has led to a requirement for third-party liquidity support
- Reduced appetite for dealers to underwrite new issues
  - Reappearance of market flex (clauses allowing lenders to adjust terms)
  - Volatility has increased underwriting risk
  - Material Adverse Change ("MAC") clauses have been exercised to escape underwriting commitments amid the market turmoil
- The monoline wrapped bond market is effectively closed to new transactions and has increased perceived risk for infrastructure debt supported by these insurance entities
- As the financial sector has seen its risk aversion spike, the willingness of private investors to accept risk sharing with the government has declined

These market conditions are likely to persist for the rest of 2009 and necessitate innovative solutions to close transactions

Project Financing Alternatives

- **Bond Financing**
  - Power and infrastructure projects have been supported by both public bond participants and traditional private placement investors
  - Public bond portfolios are facing significant redemptions and rebalancing
    - Requirement for liquidity and preference for non-amortizing structures
    - Appetite exists for long-dated “infrastructure-like” investments
  - The traditional private placement market is dominated by a handful of key investors who have limited capacity
    - Most of the key buyers are currently active and transactions are being completed
    - Pricing is increasing and covenants are tightening
    - PPP / infrastructure investment decisions will be considered on a relative value basis (risk/return) against alternative investments
- **Bank Financing**
  - Prior to the current market dislocation, some banks (primarily European and Asian banks) were lending for terms as long as 30 years
  - Available terms have shortened to the 5-9 year range along and the number of participating lenders has decreased
    - Emergence of the “mini-perm” structure to finance projects with long term PPAs will create refinancing risk
- **Hybrid Financing**
  - Certain issuers who are not comfortable with the terms currently available in the bond market may wish to undertake a hybrid approach with a tranche of bank debt and bonds
    - Shorter-term bank debt can be supported by milestone / completion payments from the government

Canadian Bond Market

- The Canadian bond market (public and private) is a significant source of long-term capital for PPP / infrastructure projects
  - Natural demand for high credit quality, long-dated assets
- The private placement market remains open for business and is actively participating in project finance opportunities in Canada
  - Long-dated PPP and infrastructure investments continue to be well received and deals are getting done
  - The Canadian market is made-up of a limited number of players (5-6 investors)
    - US private placement investors are emerging as a potential source of liquidity
- A limited number of public market participants (money managers, pension funds) have shown meaningful interest PPP investment opportunities
  - Documentation requirements, amortization profiles and lack of secondary market liquidity has limited the number of active public market participants

Traditional Canadian Private Placement Participants

Sun Life Financial
Canada Life™
The Great-West Life Assurance Company
Manulife Financial
Standard Life
RBC Insurance
Industrial Alliance Insurance and Financial Services
BIMCOR

Active Public Market Participants in PPP Projects

Canso Investment Counsel Ltd.
Fiera Capital
Greystone
Phillips, Hager & North Investment Funds Ltd.
CI Mutual Funds
Addenda Capital Inc.
HOOPP
Beutel Goodman Investment Counsel

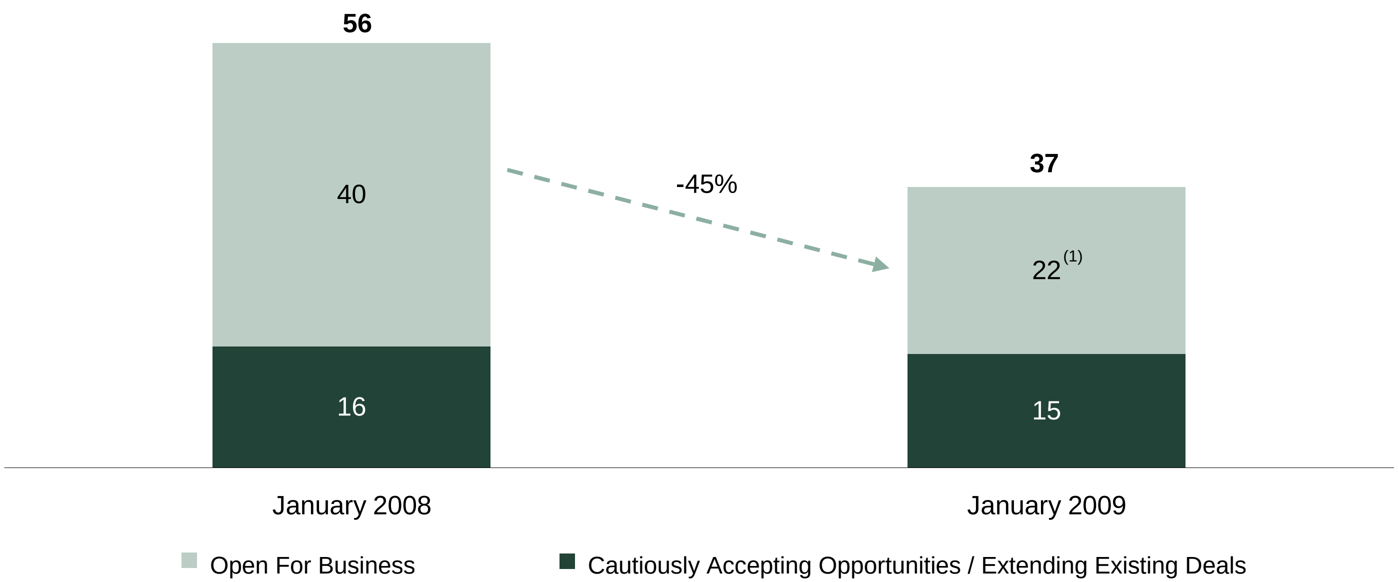
Larger US Private Placement Participants

MetLife
Prudential Financial Growing and Protecting Your Wealth®
TIAA CREF
Pacific Life
New York Life

Bank Market - Shrinking Universe

- Over the last 12 months there has been a significant decline in the number of Canadian and foreign lenders participating in the Canadian bank market due to a lack of liquidity, capital constraints and relative value
- Certain lenders are focusing on existing relationships while others have chosen to conserve capital and withdraw from the market completely

Canadian Bank Loan Universe – Number of Participants

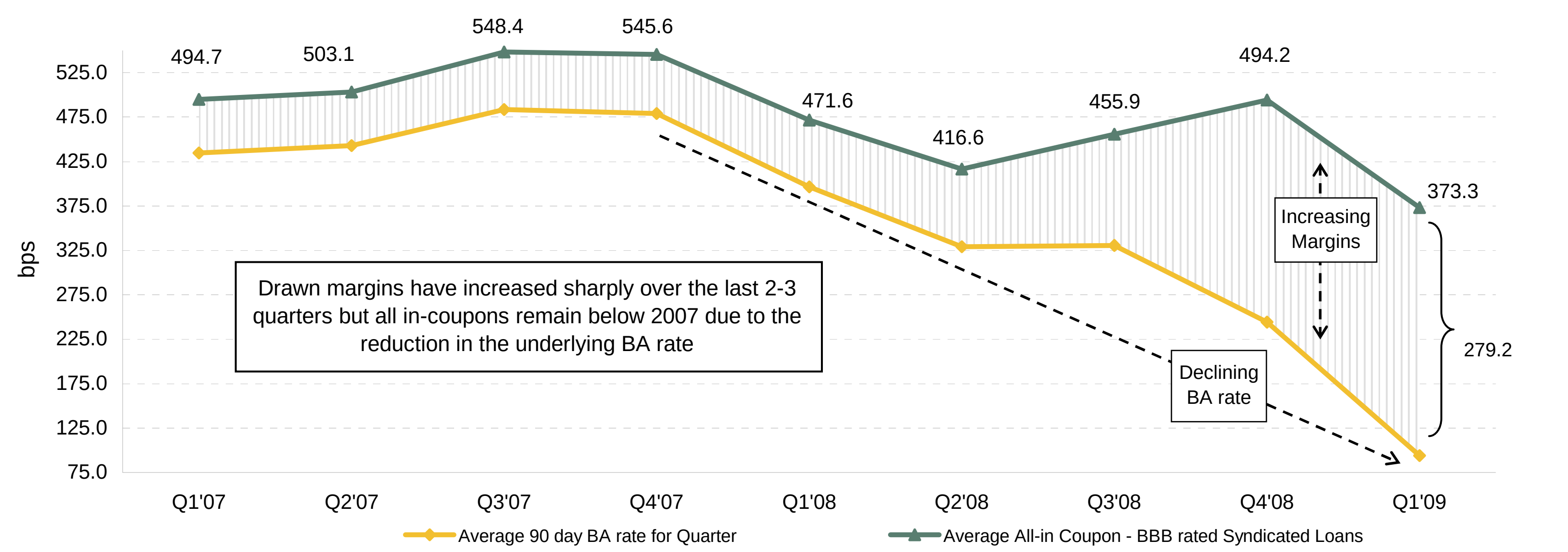


Source: TD Securities
(1) Including TD Securities

Canadian Bank Market Trends

- Several key trends have emerged for Canadian bank loans:
  - **Higher pricing**: higher funding costs and a lack of liquidity in the Canadian bank market have driven significant pricing increases over the last two quarters
    - In lender consent situations (unanimous or majority), pricing increases are being applied in some instances not only to the new/expanded facilities, but also to the existing facilities
  - **Shorter term**: most recently completed transactions have tenors of 3 years or less
  - **Foreign bank withdrawal**: foreign banks are struggling with balance sheet and funding issues
  - **Market activity**: volume in the leveraged loan market is limited while Investment Grade deals are still being completed at market terms

Average Canadian Bank Loan Pricing (BBB) (1)



Source: Bloomberg – Bankers Acceptance rates (CDOR)

1) Underlying loans comprise senior credit facilities brought to the Canadian bank market in each respective quarter that are: (a) greater >$100 million, and (b) the Borrower is rated either BBB+, BBB or BBB- (or equivalent). Margin is the average of each tier of the grid from BBB+ to BBB-. Each quarter comprises 3 to 6 deals. Upfront fees are not included in the margin.

Lessons Learned

- Recent deals have indicated that governments and provincial PPP agencies should:
  - Use existing Project Docs - eliminates complications arising from unfamiliar documentation
  - Try to reduce the number of preferred proponents
    - In the current financing environment, the Canadian market can only support a limited number of bidders per project
    - Fewer proponents minimizes the chance of bidders dropping out due to a lack of financing
  - Be flexible - need to ensure that multiple bids are compliant so that the best overall outcome can be achieved
  - Hire a financial advisor with capital/bank market experience - useful for anticipating and overcoming any hurdles that arise during the process
  - Consider shorter spread lock periods
    - Appetite for underwritten transactions has been reduced
  - Choose a strong equity sponsor- preferably with extensive experience in PPPs and strong relationships with constructors and facility operators

Case Studies

Upper Mattagami Hydroelectric Redevelopment

UMH Energy Partnership

$200,000,000

UMH Energy Partnership

ONTARIO POWER GENERATION

(project sponsor)

7.586% Amortizing Senior Secured Notes due 2041

May 8, 2009

TD Securities

Joint Lead and Bookrunner

Transaction Details

Issuer	UMH Energy Partnership
Offering	Senior secured notes via a public-style private placement
Amount	C$200,000,000
Rating	S&P: A Moody's: A2
Maturity	May 8, 2041
Avg. Life	25.617 Years
Coupon	7.586%
Spread	+365 bps over the GoC curve
Repayment	Interest only during construction, amortizes with bullet payment at maturity

Transaction Overview

- UMG Energy Partnership is a general partnership between Ontario Power Generation Inc. (OPG) and UMH Energy Inc. (a wholly-owned subsidiary of OPG)
- OPG set up UMH Energy Partnership to raise debt to partially and independently finance the redevelopment of four existing hydroelectric facilities in northeastern Ontario
- The redevelopment is supported by a 50-year hydroelectric energy supply agreement with the Ontario Power Authority (a wholly-owned entity of the Province of Ontario)
- Commercial operation date is set for Q4 2010
- OPG's inaugural debt capital markets transaction, via a non-recourse limited partnership
  - Unique offering structure with full recourse to OPG during construction
- Ten institutional buyers participated in the transaction
  - Meet the eligibility requirements for the DEX Universe Bond Index
  - The transaction was oversubscribed due to strong investor demand

Niagara Health System Project

Plenary Health Niagara LP

$134,000,000

Plenary Health

Fully Amortizing Series 1 Senior Secured Notes

March 27, 2009

TD Securities

Joint Lead and Bookrunner

$155,000,000

Plenary Health

Senior Secured Credit Facility

March 27, 2009

TD Commercial Banking

Joint Lead Arranger and Bookrunner

Transaction Details

Senior Secured Notes

Amount	C$134,000,000
Rating	S&P: A
Maturity	May 31, 2042
Avg. Life	23.9 Years
Coupon	7.685%
Repayment	Interest only during construction, amortizes fully thereafter

Senior Secured Credit Facility

Amount	C$155,000,000
Rating	S&P: A
Maturity	November 30, 2012
Term	44 months
Type	Delayed draw credit facility
Repayment	Interest only, principal repaid in full at maturity

Transaction Overview

- Niagara Health System is one of the largest multi-site hospital systems in Ontario
- The 850,000 square-foot healthcare complex will house a 375-bed community hospital to serve St. Catharines, Thorold, Niagara-on-the-Lake and surrounding communities with a full range of acute/critical care, surgical, emergency, longer-term mental health and ambulatory services
- The project was procured under the Province of Ontario’s Alternative Finance and Procurement program using the design, build, finance and maintain (DBFM) model
- TDBFG’s early and continued support of this transaction throughout the credit turmoil was pivotal to the final execution of the deal
- TDBFG led this transaction under multiple roles:
  - TD Securities – Joint Lead and Bookrunner, Hedge Coordinating Bank
  - TD Commercial Bank – Joint Lead Arranger and Bookrunner; Syndications Agent

Deh Cho Bridge

Deh Cho Bridge - Financing for the New Bridge in the Northwest Territories

C$165,438,596.56

DEH CHO BRIDGE CORPORATION

Amortizing Real Return Bond due 2046

February 2008

TD Securities

Sole Agent

- The Deh Cho Bridge Corporation is constructing a two-lane bridge across the Mackenzie River in the Northwest Territories to improve the movement of goods and people to Yellowknife
- The long-term financing is to be supported by a toll on commercial vehicles using the bridge as well as an amount that would have been used to continue to support the existing ferry service
- TD Securities acted as financial advisor for the construction of the new bridge and sole agent for the bond financing
- Tasks completed as part of the engagement include:
  - Created structure that utilized Real Return Bonds to maximize financing amount against available cash flows
  - Provided Capital Markets advice throughout construction bid, selection and closing process
  - Arranged for the creation of the necessary documents to attract investors
  - Arranged financing with Sun Life Financial and Ontario Teachers' Pension Plan
- Other Highlights:
  - Highest rated Canadian corporate RRB
  - First corporate bond transaction for a NWT-based corporation
  - Issuer is majority-owned by aboriginal interests (Deh Cho from Fort Providence)
  - Unique Concession structure: GNWT to provide revenue support in the event that traffic volumes do not materialize as expected

TD Securities acted as Sole Agent for the First Ever Corporate Bond Transaction for a NWT-Based Corporation

Goreway Station Partnership

Goreway Station Partnership's Awarded PPA by the Ontario Power Authority

- Goreway Station is an 880 MW (nominal net output) natural gas fuelled combined cycle generating station under construction on a "greenfield" site in Brampton, Ontario
  - Targeted COD of Q1 2009[1]
- Facility signed a long-term Accelerated Clean Energy Supply Agreement (essentially a contract for differences that provides for a minimum amount of cash flow if the project achieves the relevant contract conditions) with the Ontario Power Authority
  - Under the terms of the agreement, the project will participate in the competitive electricity market administered by Ontario's Independent Electricity System Operator.
- TD Securities led the landmark C$940 million project financing for Goreway Station Partnership
  - Largest "combined-cycle" natural gas-fired power plant in Canada
- TD Securities co-underwrote a C$940 million credit facility
- TD Securities developed a good understanding of appetite / required terms for project finance lenders

C$940,000,000

Goreway Station Partnership

Project Financing

February 2006

Co-Lead Arranger & Administration Agent

C$871,000,000

Goreway Station Partnership

Interest Rate Swap

February 2006

TD Securities acted as Administrative Agent, Co-Lead Arranger and Joint Bookmanager

(1) Source: Ontario Power Authority

East Windsor Cogeneration Centre

East Windsor Cogeneration Centre Debt Financing

- The East Windsor Cogeneration Centre (“EWCC”) is a 84 MW natural gas-fired cogeneration facility using modern technology to generate reliable clean power for over 80,000 homes in the Windsor area and steam for Ford's Windsor operations
- The project encompasses approximately 1.5 acres of industrial land, located adjacent to the existing Ford powerhouse and will be equipped with modern emission controls to meet all federal and provincial air quality standards.
- EWCC is a 50-50 partnership between Pristine Power Inc. and Fort Chicago Energy Partners LP.
- TD Securities acted as the sole agent on the transaction, tasks completed as part of the engagement included:
  - Provided Capital Markets advisory throughout offering process
  - Creation of the necessary documents to attract investors
  - Investor marketing and sales
- Bond Highlights:
  - Amortizing debentures
  - 22 year term, 14 year average life

C$179,000,000

EAST WINDSOR

6.234% Series 1
Debenture due 2029

October 2007

Sole Agent

TD Securities acted as Sole Agent