

CREDIT AGREEMENT

Dated for reference August 3, 2018

AMONG:

WESTERN FOREST PRODUCTS INC.
and
WESTERN FOREST PRODUCTS US LLC
as Borrowers

AND:

ROYAL BANK OF CANADA
Sole Bookrunner, Co-Lead Arranger and Administrative Agent

AND:

THE BANK OF NOVA SCOTIA
Co-Lead Arranger

AND:

THE “LENDERS” AS DEFINED IN THIS AGREEMENT
As Lenders

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CREDIT AGREEMENT

THIS AGREEMENT is dated for reference August 3, 2018 and is

AMONG:

WESTERN FOREST PRODUCTS INC.
and
WESTERN FOREST PRODUCTS US LLC
as Borrowers

AND:

ROYAL BANK OF CANADA
as Sole Bookrunner, Co-Lead Arranger and Administrative Agent

AND:

THE BANK OF NOVA SCOTIA
Co-Lead Arranger

AND:

THE "LENDERS" AS DEFINED IN THIS AGREEMENT
as Lenders

WHEREAS:

- A. The Borrowers have requested that the Lenders provide to the Borrowers a term revolving credit facility in the principal amount of up to \$250,000,000 or the Equivalent Amount in US Dollars for the general corporate purposes of the Borrowers and their Subsidiaries, including working capital requirements and refinancing of existing indebtedness;
- B. The Lenders have agreed to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto covenant and agree each with the other as follows:

1. INTERPRETATION

1.1 Defined Terms

As used in this Agreement, including the recitals and the schedules, unless there is something in the subject matter or the context inconsistent therewith, the following terms shall have the following meanings:

“Accommodation” means:

- (a) an Advance by a Lender made on the occasion of a Borrowing pursuant to an Accommodation Request (whether given or deemed to have been given or otherwise made or deemed to have been made pursuant to this Agreement);
- (b) the creation of Bankers’ Acceptances on the occasion of a Drawing (or the making of a BA Equivalent Loan) pursuant to an Accommodation Request; and
- (c) the issue of a Letter of Credit by the LC Lenders on the occasion of an Issuance pursuant to an Accommodation Request,

and includes an Advance and a Bankers’ Acceptance resulting from a Rollover or Conversion (whether requested or deemed to have been requested hereunder or otherwise effected) pursuant to this Agreement. Each type of Borrowing and each type of Letter of Credit is a “type” of Accommodation, as are Bankers’ Acceptances;

“Accommodation Request” means a notice of request by a Borrower for a Borrowing, a Drawing and/or an Issuance substantially in the form of Schedule 2, or such other form as the Administrative Agent may from time to time specify;

“Adjusted Consolidated Net Worth” means, as at the time of determination, the sum of \$400,000,000 plus 50% of Positive Cumulative Net Income;

“Administrative Agent” means Royal and any successor agent appointed in accordance with Article 12;

“Advance” means an advance of monies (other than and excluding Discount Proceeds) made or deemed to have been made by a Lender under the Credit Facility and includes an Advance resulting from a Conversion or Rollover (whether requested or deemed to have been requested hereunder) or otherwise effected pursuant hereto, including a Swingline Advance. An Advance may be denominated in US Dollars (a **“US Dollar Advance”**) or Cdn. Dollars (a **“Canadian Dollar Advance”**). A Canadian Dollar Advance shall be designated a **“Prime Rate Advance”** and a US Dollar Advance shall be designated from time to time, as requested or deemed to have been requested by the applicable Borrower, a **“LIBOR Advance”**, a **“US Base Rate Advance”** or a **“US Prime Rate Advance”**). Each of a Prime Rate Advance, a LIBOR Advance, a US Base Rate Advance and a US Prime Rate Advance is a “type” of Advance;

“Affiliate” means, with respect to any Person (**“first Person”**), any other Person which controls (or is a member of a group which controls), or is under common control with, or is controlled by, the first Person. Notwithstanding the foregoing, neither the Administrative Agent nor any Lender shall be deemed to be an Affiliate of a Credit Party solely by reason of its agency function or lending relationship;

“Agreement”, **“herein”**, **“hereof”**, **“hereto”** and **“hereunder”** and similar expressions mean and refer to this agreement as supplemented, modified, extended, amended or restated and not to any particular Article, section, paragraph, schedule or other portion hereof; and the expressions **“Article”**, **“§”**, and **“schedule”** followed by a number or letter mean and refer to the specified Article, § or schedule of this Agreement;

“Alternative Investment Structures” means investments, partnerships, joint ventures, sale-leasebacks, sale with guaranteed fibre supply or other similar arrangements entered into by any Credit Party with First Nations on a commercially reasonable basis, as set out in Schedule 12;

"AML/KYC Legislation" has the meaning set out in §13.10(a);

“Anniversary Date” means an anniversary of the Closing Date;

"Anti-Corruption Laws" means all laws of Canada and the United States concerning or relating to bribery or public corruption, including the *Corruption of Foreign Public Officials Act* (Canada) and the FCPA and any similar laws of Canada and the United States currently in force or hereafter enacted (and including any regulations, rules, guidelines or orders thereunder) and, in any case, which are applicable to either of the Borrowers, any Subsidiary, any Lender or Affiliate thereof, or the Administrative Agent.

"Anti-Money Laundering/ Anti-Terrorist Financing Laws" means all laws of Canada and the United States concerning or relating to money laundering or terrorist financing, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *United Nations Act* (Canada), the *Criminal Code* (Canada), the *Bank Secrecy Act*, 31 U.S.C. sections 5301 et seq., the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*, Pub. L. 107-56 (a/k/a the USA Patriot Act), *Laundering of Monetary Instruments*, 18 U.S.C. section 1956, *Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity*, 18 U.S.C. section 1957, the *Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations*, 31 C.F.R. Chapter X (Parts 1000 et. seq.) and any similar laws of Canada and the United States currently in force or hereafter enacted (and including any regulations, rules, guidelines or orders thereunder) and, in any case, which are applicable to either of the Borrowers, any Subsidiary, any Lender or Affiliate thereof, or the Administrative Agent.

“Applicable Margin” means in respect of the following types of Accommodation or the unadvanced portion of a Commitment, the following corresponding margins and fees, expressed as basis points per annum:

Ratio of Consolidated Total Debt to EBITDA:	<1.0	≥1.0 but <2.0	≥2.0 but <3.0	≥3.0 but <4.0	≥4.0
Drawn Margins	(bps)	(bps)	(bps)	(bps)	(bps)
Bankers' Acceptances	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
LIBOR	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Letters of Credit	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Canadian Advances –Prime Rate	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
U.S. Advances – US Base Rate and US Prime Rate	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

Ratio of Consolidated Total Debt to EBITDA:	<1.0	≥1.0 but <2.0	≥2.0 but <3.0	≥3.0 but <4.0	≥ 4.0
Undrawn Margins	(bps)	(bps)	(bps)	(bps)	(bps)

Commitment Fees	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
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For the purposes of determining the Applicable Margin under the leverage-based grid set out above, the following shall apply:

- (a) The Applicable Margin shall be determined from time to time by the Administrative Agent based solely upon the calculations set out in a Compliance Certificate delivered to the Administrative Agent pursuant to §9.1(m)(3), and that determination shall be conclusive and binding for all purposes hereof, absent demonstrated error. The Administrative Agent shall provide notice to the Borrowers and the Lenders of any change in the Applicable Margin as so determined by it from any Applicable Margin then in effect. If the Borrowers fail to deliver the applicable Compliance Certificate pursuant to §9.1(m)(3) then the Applicable Margin shall be based on highest level for the period from the latest date permitted hereunder for delivery of such Compliance Certificate until the delivery thereof.
- (b) Changes in the Applicable Margin shall be effective and payable from and including the Interest Rate and Fee Adjustment Date. Adjustments based on the Applicable Margin for a Financial Quarter may not be determined until the delivery of the Compliance Certificate required pursuant to §9.1(m)(3). No adjustments based on changes to the Applicable Margin shall be made following the end of a Financial Quarter until the Interest Rate and Fee Calculation Date. Such adjustments, if any, shall be retroactive to the Interest Rate and Fee Adjustment Date. Each of the Borrowers agrees to pay to the Administrative Agent for the account of the Lenders and the Lenders agree to repay to the Administrative Agent for the account of the applicable Borrower, its due share of the Retroactive Amount.
- (c) If a Borrower takes a LIBOR Advance before the date of an increase or decrease in the Applicable Margin to be added to LIBOR with respect to a LIBOR Advance, which LIBOR Advance matures after the date of that increase or decrease, the rates of interest for the Interest Periods of that LIBOR Advance will be calculated by using the interest rates applicable from time to time for the number of days the LIBOR Advance is outstanding during the respective Interest Periods.

“BA Equivalent Loan” means, in relation to a Drawing of, Conversion into or Rollover of Bankers’ Acceptances, a loan in Canadian Dollars made to a Borrower by a Non-Acceptance Lender as part of the Drawing in accordance with the provisions of §4.11;

“Bankers’ Acceptance” means a depository bill as defined by the *Depository Bills and Notes Act* (Canada) or a blank non-interest bearing bill of exchange as defined by the *Bills of Exchange Act* (Canada), in either case drawn by a Borrower, denominated in Canadian Dollars and accepted by a Lender as a bankers’ acceptance, as evidenced by such Lender’s endorsement thereof at the request of a Borrower pursuant to an Accommodation Request, and includes a Bankers’ Acceptance resulting from a Conversion or Rollover;

“basis point” and **“b.p.”** each mean one one-hundredth (1/100) of one per cent, or .01%;

“Beneficiary” means, in respect of any Letter of Credit, the beneficiary specified therein;

“Borrowers” means collectively WFP and WFP US, and **“Borrower”** means either of them;

“Borrowing” means a borrowing consisting of one or more Advances. Prime Rate Advances, LIBOR Advances, US Prime Rate Advances and US Base Rate Advances are each a “type” of Borrowing;

“Business Day” means:

- (a) in respect of LIBOR Advances and payments in connection therewith, a day (other than Saturday or Sunday) which is a day for trading by and between banks in US Dollar deposits in the London Eurodollar interbank market and which is also a day on which banks are open for business in New York City, Vancouver and Toronto; and
- (b) for all other purposes of this Agreement, a day (other than Saturday or Sunday) on which banks are open for business in Vancouver and Toronto;

“Canadian Dollars”, **“Cdn. Dollars”**, **“Cdn. \$”** and **“\$”** each mean lawful money of Canada;

“Canadian Swingline” means that portion of the Credit Facility to be made available by the Canadian Swingline Lender to WFP as described in §2.1(f), and **“Canadian Swingline Advance”** means an advance of monies made or deemed to have been made, including by way of overdraft, by the Canadian Swingline Lender under the Canadian Swingline;

“Canadian Swingline Amount” means Cdn. \$25,000,000 to the extent not permanently reduced, cancelled or terminated pursuant to this Agreement;

“Canadian Swingline Lender” means TD, acting in its capacity as the lender of Canadian Swingline Advances under §2.1(f), and any other lender which may in future provide a swingline to a Borrower;

“Capital Lease Obligations” means all rental obligations which, under GAAP, are or will be required to be capitalized on the books of a Borrower or any of the Restricted Subsidiaries, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles;

“Capital Stock” means, with respect to any Person, any and all shares, interests of a partnership, joint venture or other similar interests (however designated, whether voting or non voting) in the equity of such Person, whether now outstanding or issued after the date hereof, but does not include phantom stock;

“Cash Equivalents” means:

- (a) marketable securities issued, or directly and fully guaranteed by the government of Canada, any Province of Canada or the United States or any agency or instrumentality thereof (provided that the full faith and credit of Canada, such Province or the United States, as the case may be, is pledged in support of those securities) maturing within 365 days from the date of acquisition;
- (b) commercial paper maturing within 180 days from the date of acquisition, and rated:
 - (1) in Canada, A-1 low or better by S&P or R-1 low or better by DBRS; or

- (2) in the United States, P-2 or better by Moody's or A-2 or better by S&P; and
- (c) certificates of deposit maturing within 365 days of the date of acquisition, in each case issued or accepted by a bank to which the *Bank Act (Canada)* applied having at the time of acquisition combined capital, surplus and undistributed profits of at least Cdn. \$2 billion;

"CDOR Rate" means, on any day when Bankers' Acceptances are to be issued pursuant hereto, the per annum rate of interest which is the rate determined as being the arithmetic average of the annual yield rates applicable to Canadian Dollar bankers' acceptances having identical issue and comparable maturity dates as the Bankers' Acceptances proposed to be issued by either Borrower displayed and identified as such on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuters Limited (or any successor thereto or Affiliate thereof) as at approximately 10:00 a.m. (Toronto time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Administrative Agent in good faith after 10:00 a.m. (Toronto time) to reflect any error in a posted rate or in the posted average annual rate); provided, however, if such a rate does not appear on such CDOR Page, then the CDOR Rate, on any day, shall be the Discount Rate quoted by the Administrative Agent (determined as of 10:00 a.m. (Toronto time) on such day) which would be applicable in respect of an issue of bankers' acceptances in a comparable amount and with comparable maturity dates to the Bankers' Acceptances proposed to be issued by the Borrower on such day, or if such day is not a Business Day, then on the immediately preceding Business Day; provided that, if CDOR determined as aforesaid shall ever be less than zero, CDOR shall be deemed to be zero for purposes of this Agreement;

"Change of Control" means the acquisition by any Person, or group of Persons acting jointly or in concert, of beneficial ownership of 50% plus one share or more of the issued and outstanding shares of the Capital Stock of WFP having the right to vote for the election of directors of WFP under ordinary circumstances;

"CIBC" means the Canadian Imperial Bank of Commerce, a Canadian chartered bank.

"Closing Date" means August 3, 2018 or such other date as shall be mutually agreed by the Borrowers and the Lenders;

"Code" means the United States *Internal Revenue Code* of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Commitment" means, the amount set forth opposite such Lender's name under the heading "Commitment" on Schedule 1 to the extent not permanently reduced, cancelled or terminated pursuant to this Agreement;

"Compliance Certificate" means a certificate delivered by a Borrower pursuant to §9.1(m)(3) substantially in the form of Schedule 6;

"Consolidated Net Income" means, for any period, the net income or net loss reported in the consolidated financial statements of WFP, prepared in accordance with GAAP, excluding:

- (a) gains resulting from any reappraisals, revaluation or write-up of any asset (other than privately owned fee-simple timberlands), in excess of the original capital cost of that asset; and
- (b) undistributed income of Persons other than Restricted Subsidiaries, in excess of \$15,000,000,

but including the amount of any cash distributions of undistributed income received by WFP and previously deducted hereunder;

“Consolidated Net Worth” means shareholders’ equity which, on a consolidated basis, is determined to be shareholders’ equity of WFP in accordance with GAAP, excluding non-controlling interests and less the aggregate amount of all Investments of the Borrowers and the Restricted Subsidiaries which are not Permitted Investments;

“Consolidated Total Debt” means, at any time, the sum of all Indebtedness of the Borrowers and the Restricted Subsidiaries on a consolidated basis, all determined in accordance with GAAP, provided that any Indebtedness of joint ventures, affiliates or Subsidiaries not wholly owned directly or indirectly by WFP, and which has no recourse to WFP or any Restricted Subsidiary shall be excluded;

“Consolidated Total Debt to EBITDA Ratio” means, as at the date of determination, the ratio of Consolidated Total Debt to EBITDA;

“Consolidated Total Debt to Total Capitalization Ratio” means, as at the date of determination, the ratio of Consolidated Total Debt to Total Capitalization;

“Contingent Obligation” means any agreement, undertaking or arrangement by which a Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person, against loss, including any comfort letter, operating agreement, take-or-pay contract or indemnity in respect of a letter of credit (except for Letters of Credit issued under the Credit Facility);

“Conversion” means, in respect of any Drawing or type of Borrowing, the conversion of the method for calculating interest, discount rates or fees thereon from one method to another in accordance with §2.11, and includes a conversion from a Prime Rate Advance to a Drawing and vice-versa and a conversion from a LIBOR Advance to a US Base Rate Advance and vice-versa;

“CPA” means the Chartered Professional Accountants of Canada or any successor thereto;

“Credit Facility” means the credit facility to be made available hereunder to the Borrowers for the purposes set forth in §2.1(b) on a revolving basis and in an aggregate Principal Outstanding not to exceed Cdn. \$250,000,000, or such greater amount as determined under §2.1(g);

“Credit Facility Documents” means this Agreement, the Security, Bankers’ Acceptances, Letters of Credit and all other documents required under the Agreement or necessary to implement the financing comprised in the Credit Facility;

“Credit Party” means each of the Borrowers and each Restricted Subsidiary that is a party to a Credit Facility Document;

“DBRS” means DBRS Limited and any successor thereto;

“Default” means an event which, with the giving of notice or passage of time, or both, would constitute an Event of Default;

“Discount Proceeds” means, in respect of Bankers’ Acceptances to be purchased by a Lender, the result (rounded to the nearest whole cent, with one-half of one cent and more being rounded up) obtained by multiplying (a) the aggregate Face Amount of such Bankers’ Acceptances by (b) the amount (rounded up or down to the fifth decimal place, with .000005 being rounded up) determined by dividing one by the sum of one plus the product of (x) the applicable Discount Rate and (y) a fraction, the numerator of which is the number of days in the term to maturity of such Bankers’ Acceptances and the denominator of which is 365;

“Discount Rate” means the CDOR Rate;

“Disposition” has the meaning ascribed to it in §9.2(g);

“Dividends” means any declaration of a dividend, or any dividend paid, or other distribution, on Capital Stock (cash or property);

“Drawing” means the creation and acceptance of one or more Bankers’ Acceptances in pursuance of an Accommodation Request;

“Drawing Date” means any Business Day fixed in accordance with the provisions of this Agreement for a Drawing;

“EBITDA” means for any period, Consolidated Net Income before finance costs, income taxes, depreciation, depletion, amortization, non-cash asset write-downs, and non-cash asset write-ups other than those permitted under the calculation of Consolidated Net Income, for such period, all in accordance with GAAP;

“EBITDA Interest Coverage Ratio” means, at any time, the ratio calculated by dividing:

- (a) EBITDA determined for the four most recently completed Financial Quarters,
- by
- (b) Net Interest Expense for that period;

“Environmental Laws” means all applicable Laws, Governmental Approvals and guidelines or requirements of any Governmental Body (including consent decrees as to which a Borrower or a Restricted Subsidiary is a party or otherwise subject, and administrative orders which may affect a Borrower or a Restricted Subsidiary) relating to public health and safety, protection of the environment, the Release of Hazardous Materials and occupational health and safety;

“Equivalent Amount” means, on a particular day in respect of any amount (the **“original amount”**) expressed in a particular currency (the **“original currency”**), the equivalent amount expressed in a second designated currency (the **“second currency”**) calculated at the spot rate of exchange for such conversion as quoted by the Bank of Canada at the close of business on the Business Day that such conversion is to be made (or, if such conversion is to be made before the close of Business on such Business Day, then at approximately the close of business on the immediately preceding Business Day), and, in either case, if no such rate is quoted, the spot rate of exchange quoted for wholesale transactions by the Administrative Agent on the Business Day such conversion is to be made in accordance with its normal practice;

“ERISA” means the United States *Employee Retirement Income Security Act* of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect;

“ERISA Affiliate” means any trade or business (whether or not incorporated) that is treated as a single employer together with WFP or WFP US under section 414 of the Code;

“Event of Default” means any of the events specified in §11.1;

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender, or any other recipient of any payment (each a “Recipient”) to be made by or on account of any obligation hereunder:

- (a) all taxes on, based on, measured by or with respect to the Recipient's or a Lender's net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business (unless such taxes are in lieu of any Taxes a Borrower or a Subsidiary would otherwise be required to pay hereunder) that are taxes imposed in a jurisdiction as a consequence of the Recipient carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction or as a result of any other present or former connection with that jurisdiction (other than any such connection arising solely from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Facility Document, or sold or assigned an interest in any Accommodation or Credit Facility Document);
- (b) all U.S. federal withholding Taxes imposed under FATCA, and any Taxes or penalties arising from a Recipient's failure to properly comply with such Recipient's obligations imposed under the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) or the similar provisions of legislation of any other jurisdiction that has entered into an agreement with the United States of America to provide for the implementation of FATCA-based reporting in that jurisdiction; and
- (c) any Taxes imposed on a payment or deemed payment by reason of the Recipient being a "specified shareholder" of a Borrower (within the meaning of subsection 18(5) of the *Income Tax Act* (Canada)) at the time of payment or deemed payment, or by reason of such recipient not dealing at arm's length for the purposes of the *Income Tax Act* (Canada) with a Borrower or a "specified shareholder" of a Borrower at the time of payment or deemed payment;

“Existing Credit Facilities” means the (i) \$125,000,000 revolving credit facility agreement dated June 29, 2012 among WFP, as borrower, CIBC, as agent, and Wells Fargo Finance Corporation Canada, as co-collateral agent and (ii) \$110,000,000 revolving loan facility agreement dated November 2, 2015 between WFP, as borrower, and Wells Fargo Finance Corporation Canada, as agent and collateral agent, and all amendments thereto;

“Existing Letters of Credit” means the letters of credit set out in Schedule 9;

“Face Amount” means, in respect of a Bankers’ Acceptance, the amount payable to the holder thereof on its maturity and, in respect of a Letter of Credit, the maximum amount that may from time to time be payable to the Beneficiary thereof, and where used in a context referring to more than one Bankers’ Acceptance or Letter of Credit means the aggregate of the Face Amounts thereof;”

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with the implementation of the foregoing and any fiscal or regulatory legislation, rules or practices adopted pursuant to any such intergovernmental agreement entered into in connection with Sections 1471 through 1474 of the Code;

“FCPA” means the *United States Foreign Corrupt Practices Act of 1977*, including any subordinate legislation thereunder.

“Federal Funds Effective Rate” means, for any day, the rate of interest per annum equal to (a) the weighted average (rounded upwards, if necessary, to the next 1/100th of one percent per annum) of the annual rates of interest on overnight Federal funds transactions with members of the Federal Reserve Board of the United States of America (or any successor thereof) arranged by Federal funds brokers on such day, as published on the next succeeding Business Day by the Federal Reserve Bank of New York (or any successor thereto) or, (b) if such day is not a Business Day, such weighted average for the immediately preceding Business Day for which the same is published or, (c) if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100th of one percent per annum) of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent;

“Federal Reserve Board” or **“Federal”** means the Board of Governors of the Federal Reserve System of the United States of America or any successor thereof;

“Financial Quarter” means a period of three consecutive months ending on and including March 31, June 30, September 30 or December 31, as the case may be;

“Financial Year” means a financial year commencing on January 1 of each calendar year and ending on and including December 31 of such year;

“First Nations” means the band or governing council of indigenous people which is officially recognized as an administrative unit by the federal government or functioning as such without official status, and includes any Subsidiary or Affiliate of such band or governing council;

“Fronting Lender” has the meaning ascribed to it in §5.11(a);

“GAAP” means generally accepted accounting principles which are in effect from time to time in Canada including, for certainty, IFRS (but only to the extent IFRS is adopted by the CPA as generally accepted accounting principles in Canada and, then, subject to such modifications thereto as are agreed by the CPA), provided that, for the purposes of calculating compliance by the Borrowers with the covenants set out in §9.1(t) and §9.1(u), GAAP has the meaning set out above as at December 31, 2017, without regard to any subsequent change to those accounting principles;

“Governmental Approval” means any authorization, permit, approval, grant, license, consent, right, privilege, registration, filing, order, commitment, judgment, direction, ordinance, decree or like instrument or affirmation issued or granted by any Governmental Body;

“Governmental Body” means any government (including any federal, provincial, state, territorial, municipal or local government) or political subdivision or any agency, authority, bureau, regulatory or administrative authority, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, judicial entity, or arbitrator, whether foreign or domestic;

“Group Coverage Test” has the meaning ascribed to it in §9.1(t);

“Guarantee” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

- (a) to purchase such Indebtedness or obligation or any property constituting security therefor;
- (b) to advance or supply funds (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation;
- (c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of any other Person to make payment of the Indebtedness or obligation; or
- (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof;

“Hazardous Materials” means:

- (a) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, contaminates, materials or pollutants which:

- (1) pose a hazard to any real property, or to Persons on or about any real property;
or
 - (2) cause any real property to be in violation of any Law;
- (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of limits prescribed by Law, or radon gas;
 - (c) any chemical, material or substance defined as or included in the definition of “dangerous goods”, “deleterious substance”, “hazardous substances”, “hazardous wastes”, “hazardous materials”, “extremely hazardous wastes”, “restricted hazardous waste”, or “toxic substances”, “waste” or words of similar import under any Law, including the *Canadian Environmental Protection Act (Canada)*, *Fisheries Act (Canada)*, *Transportation of Dangerous Goods Act (Canada)*, *Canada Water Act (Canada)* and any applicable federal, provincial and state legislation; and
 - (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Body or which may or could pose a hazard to the occupants of any real property or the owners or occupants of property adjacent to or surrounding any real property, or any other Person coming upon any real property or adjacent or surrounding property;

“Hedge Instrument” means any agreement evidencing a transaction that is an interest rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or index option, bond option, interest rate option, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit derivative or any other similar agreement evidencing such transaction (including any option with respect to any of these transactions), and any combination or any of the aforesaid transactions;

“Hedging Obligations” means a payment or delivery obligation of a Borrower or any Restricted Subsidiary under Hedge Instruments with any of the Lenders, who were Lenders or Affiliates of Lenders at the time such agreement was entered into, regardless of whether such Lenders or Affiliates ceased to be Lenders or Affiliates thereafter;

“Hostile Acquisition” means any offer by any Borrower or a Subsidiary of any Borrower to acquire (which shall include an offer to purchase securities, solicitation of an offer to sell securities or an acceptance of an offer to sell securities, whether or not the offer to sell was solicited, or any combination of the foregoing) outstanding securities of any person (other than a private issuer as defined in National Instrument 45-106 - Prospectus and Registration Exemptions or a person whose shares or other equity interests are directly or indirectly held by one person) (the **“Target”**) where, as of the date of the offer to acquire, the securities that are subject to the offer to acquire, together with the securities of the Target that are beneficially owned, or over which control or direction is exercised, by any Borrower and its Subsidiaries and any person acting jointly or in concert with any thereof on the date that the offer to acquire is made, constitute, in the aggregate, the lesser of such percentage of outstanding securities as is considered to be a “takeover bid” under any law or regulation applicable to the Target and twenty percent (20%) or more of all of the outstanding securities of that class of securities of the Target (a **“Takeover”**)

and the board of directors or like body of the Target has not approved or recommended approval of the Takeover, provided that if any such Takeover is made pursuant to exemptions from formal takeover bid requirements as provided in (a) Part 4 of Multilateral Instrument 62-104 – "*Take-Over Bids and Issuer Bids*" and analogous provisions of the *Securities Act* (British Columbia) or in any successor legislation or securities instrument, rule or blanket order, (b) any order of a provincial or territorial securities commission or similar regulatory authority in a province or territory of Canada, or (c) any analogous provisions of the securities laws of any other jurisdiction or in any order, ruling or other form of exemptive relief provided by a securities commission or securities regulatory authority of any other jurisdiction, then it shall not be considered to be a Hostile Acquisition;

"**IFRS**" means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the International Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation (the "**IASC Foundation**"), and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation;

"**Increased Costs**" means any amounts payable by WFP to the Administrative Agent or a Lender under any of §3.2(c), Article 10 and §13.5;

"**Indebtedness**" means, with respect to any Person, without duplication:

- (a) all obligations for borrowed money;
- (b) all obligations evidencing indebtedness such as bonds, debentures, notes or similar instruments (including, without limitation, debentures, notes or similar instruments convertible into shares of a Person) upon which interest payments are customarily made;
- (c) all obligations under conditional sale or other title retention agreements relating to property purchased (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business);
- (d) all obligations (including, without limitation, earnout obligations) incurred, issued or assumed as the deferred purchase price of property or services purchased (other than trade debt incurred in the ordinary course of business) that would appear as liabilities on a balance sheet;
- (e) the principal portion of all Capital Lease Obligations;
- (f) the Mark to Market Amount of such Person;
- (g) the maximum amount of all letters of credit issued or bankers' acceptances facilities created, excluding amounts drawn under such letters of credit or bankers' acceptances which have become obligations for borrowed money under (a), and excluding performance based letters of credit issued to a Person's customers in connection with certain long-term contracts);

- (h) all preferred Capital Stock or other equity interests and which by the terms thereof could be (at the request of the holders thereof or otherwise) subject to mandatory sinking fund payments, redemptions or other acceleration;
- (i) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product;
- (j) all obligations under take-or-pay or similar arrangements under commodities agreements;
- (k) all Indebtedness of others of the type described in §(a) through (j) secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired, whether or not the obligations secured thereby have been assumed;
- (l) all Guarantees of Indebtedness of another Person of the type described in §(a) through (j) and all other Contingent Obligations;
- (m) all unpaid indebtedness owing by a Person under or in respect of a surety or performance bond ("**Indemnity Bond**") issued by a surety that is not a Lender at the request of such Person in the ordinary course of its business, but provided that the amount of the Indemnity Bond shall not be indebtedness until such Person has received a demand for payment under such Indemnity Bond and has failed to satisfy such demand for payment; and
- (n) all Indebtedness of the type described in §(a) through (j) of any partnership or unincorporated joint venture in which a Person is a general partner or a joint venturer in proportion to the ownership percentage in such partnership or joint venture.

Notwithstanding the above, "Indebtedness" shall not include any indebtedness, liabilities and obligations owed to Coastal Fibre Limited Partnership provided that such indebtedness, liabilities and obligations can continue to be repaid and satisfied in full pursuant to fibre supply arrangements.

"Information Documents" means, collectively, at any time and in any form, information provided by or on behalf of a Borrower to either of the Administrative Agent in writing, pursuant to this Agreement, with respect to the businesses of the Borrowers and the Restricted Subsidiaries, financial statements of the Borrowers and certificates and other materials reasonably requested by the Administrative Agent for the purpose, *inter alia*, of providing such information to prospective Lenders, as from time to time, amended, supplemented or replaced;

"Interest Period" means, for each LIBOR Advance, a period commencing:

- (a) in the case of the initial Interest Period for such Advance, on the date of such Advance; and
- (b) in the case of any subsequent Interest Period for such Advance in accordance with a Rollover, on the last day of the immediately preceding Interest Period,

and ending in either case on the last day of such period as shall be selected by the applicable Borrower pursuant to the provisions hereof.

If a US Base Rate Advance is converted to a LIBOR Advance, the initial Interest Period for such LIBOR Advance shall commence on the date of such Conversion. The duration of each Interest Period for a LIBOR Advance shall be one, two, three or six months (subject to availability), as the applicable Borrower may select in the applicable Accommodation Request, or such other period to which the Lenders may agree. No Interest Period may be selected which would end on a day after the Maturity Date, or in the opinion of the Administrative Agent, conflict with any repayment stipulated in this Agreement. Whenever the last day of an Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day; provided that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;

“Interest Rate and Fee Adjustment Date” means that day which is the first day of the month which immediately follows the relevant Financial Quarter end;

“Interest Rate and Fee Calculation Date” means that day on which the Administrative Agent receives the Compliance Certificate pursuant to §9.1(m)(3);

“Investment” means: (a) any purchase or other acquisition of shares or other securities of any Person; (b) any form of Guarantee to or for the benefit of any Person; (c) any loan or extension of credit to any Person, other than in the ordinary course of business; and (d) any capital contribution to any other Person;

“ISP98” means the International Standby Practices ISP98, as published by the International Chamber of Commerce and in effect from time to time;

“Issuance” means the issuance of one or more Letters of Credit made pursuant to an Accommodation Request;

“Issue Date” means any Business Day fixed in accordance with the provisions of this Agreement for an Issuance;

“Law” means any law (including common law and the laws of equity), constitution, statute, treaty, regulation, by-law, rule, ordinance, order, guideline, requirement, injunction, writ, decree or award of any Governmental Body;

“LC Lender” means each of the Lenders;

“Lenders” means those financial institutions whose names are set forth on the execution pages hereof under the heading “Lenders”, and those financial institutions which from time to time become parties hereto as Lenders, and their respective successors and assigns;

“Lenders’ Counsel” means Norton Rose Fulbright Canada LLP or such other law firm or firms as may from time to time be chosen by the Lenders to act on their behalf in connection with the Credit Facility;

“Lending Branch” means, in respect of a particular Lender, the branch whose address is set forth in Schedule 1, or such other branch as such Lender may designate from time to time by notice given to the Administrative Agent and the Borrowers;

“Letter of Credit” means a standby or commercial letter of credit or a letter of guarantee for a specified amount in Canadian Dollars or US Dollars issued by a Lender at the request and upon the indemnity of a Borrower pursuant to Article 5 and having a term to maturity from the date of issuance thereof of no more than 364 days. Letters of Credit for specified amounts in Canadian Dollars and Letters of Credit for specified amounts in US Dollars are each a “type” of Letter of Credit;

“LIBOR”, means, for each Interest Period applicable to a Libor Advance the rate of interest per annum, expressed on the basis of a year of 360 days, determined by the Administrative Agent at approximately 11:00 a.m. (London, England time) on the second Business Day prior to the first day of such Interest Period by reference to the rate set by ICE Benchmark Administration for deposits in United States Dollars (as set forth by any service selected by the Administrative Agent that has been nominated by ICE Benchmark Administration as an authorized information vendor for the purpose of displaying such rates (which, as of the date hereof, is the "LIBOR01 Page" of Reuters Limited)) for a period equal to the Interest Period in question; provided that to the extent that such rate is not ascertainable pursuant to the foregoing provisions of this definition, "LIBOR" shall be the rate per annum determined by the Administrative Agent to be the average of the rates per annum at which deposits of United States Dollars are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent (or an Affiliate thereof, if the Operating Lender does not offer such deposits) at approximately 11:00 a.m. (London, England time) on the second Business Day prior to the first day of such Interest Period, provided that, if LIBOR determined as aforesaid shall ever be less than zero, LIBOR shall be deemed to be zero for purposes of this Agreement.

Notwithstanding the foregoing, if the supervisor for the administrator of LIBOR or a Governmental Body having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR shall no longer be used for determining interest rates for loans, or new syndicated loans have generally started to adopt a new benchmark interest rate, then the Administrative Agent and the Borrowers shall endeavor to establish an alternate rate of interest to LIBOR that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the Canadian syndicated loan market at such time, and shall enter into an amendment to this Agreement to reflect such agreed alternate rate of interest and such other related changes to this Agreement as may be applicable, provided that to the extent that the Administrative Agent determines that adoption of any portion of such market convention is not administratively feasible or that no market convention for the administration of such alternate rate of interest exists in either case for syndicated loans, the Administrative Agent shall administer such alternate rate of interest in a manner determined by the Administrative Agent in consultation with the Borrowers. Notwithstanding anything to the contrary in §13.2, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Majority Lenders stating that such Majority Lenders object to such amendment. If a notice of an alternate rate of interest has been given and no such alternate rate of interest has been determined, the US Base Rate shall apply. Provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“Lien” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or capital lease, upon or with respect to any property or asset of such Person or easements and rights of way or other non-monetary encumbrances on title to real property;

“Majority Lenders” means, at any time, Lenders whose respective individual Commitments under the Credit Facility aggregate at least 66-2/3% of the total Commitments under the Credit Facility at that time;

“Margin Stock” has the meaning ascribed thereto in Regulation U issued by the Federal Reserve Board;

“Mark to Market Amount” means, for any date for which the Mark to Market Amount is calculated by the Borrowers with respect to any Person (and for greater certainty, where calculated with respect to either of the Borrowers or any Restricted Subsidiary, shall be calculated with respect to any of the Borrowers and all Restricted Subsidiaries on an aggregate basis, as if they were a single Person), the aggregate net amount, if any, that would be payable by such Person under its Hedge Instruments if all Transactions thereunder were being terminated as of such date (provided that Market Quotation will be determined using estimates at mid-market of the amounts that would be paid for Replacement Transactions) (for greater certainty, each net amount owing to or by such Person to a counterparty shall be netted against the amounts owing to or by such Person to all other counterparties). Notwithstanding the foregoing, the amount that would be payable by such Person under its Hedge Instruments may only be netted against amounts owing to or by such Person to counterparties with an S & P rating of BBB+ or better or a Moody's rating of Baa1 or better (and in the case of a counterparty rated by both S & P and by Moody's, such counterparty must have the required minimum rating for both). For the purposes of this definition capitalized terms not defined in this definition of “Mark to Market Amount” shall have the respective meanings given to those terms in the then current ISDA Master Agreement (Multicurrency – Cross Border);

“Material Adverse Change” means any one or more transactions, events or conditions which, when taken together, have a material adverse effect on:

- (a) the business, operations, prospects, properties, assets or financial condition, of the Borrowers and the Restricted Subsidiaries, taken as a whole;
- (b) the ability of any of the Borrowers or the Restricted Subsidiaries to perform each of its obligations under any of the Credit Facility Documents, or to own, develop, construct, maintain or operate, or to exercise or enforce any of its rights, entitlements or benefits with respect to, all or any material part of its undertaking, property or assets; or
- (c) the priority, effectiveness or enforceability of any of the Credit Facility Documents;

“Maturity Date” means August 1, 2022 and thereafter such date as the Administrative Agent and the Lenders may from time to time determine following written notice from a Borrower requesting a Maturity Date extension, subject to the provisions of §2.2(c);

“Moody’s” means Moody’s Investors Service, Inc. and its successors thereto;

"Net Interest Expense" means, for any particular period, without duplication, the aggregate expense incurred by the Borrowers and the Restricted Subsidiaries on a consolidated basis for interest and equivalent costs of borrowing (taking into account the effect of any relevant Hedge Instruments), including but not limited to (i) bankers' acceptance fees, (ii) discounts on bankers' acceptances, (iii) the interest portion of any Capital Lease Obligations, and (iv) all fees and other compensation paid to any Person that has extended credit to a Borrower or a Restricted Subsidiary other than any upfront, extension and similar non-recurring fees paid to the Administrative Agent or the Lenders in connection with the Credit Facility, in each case whether or not actually paid;

"Non-Acceptance Lender" has the meaning set forth in §4.11;

"Non-Restricted Subsidiary" means a Subsidiary of WFP that is not a Restricted Subsidiary;

"Non-U.S. Pension Plan" means any plan, fund or other similar program:

- (a) established or maintained outside of the United States of America by a Borrower or any Restricted Subsidiary primarily for the benefit of the employees (substantially all of whom are aliens not residing in the United States of America) of such Borrower or such Restricted Subsidiary, which plan, fund or other similar program provides for retirement income for such employees or results in a deferral of income for such employees in contemplation of retirement; and
- (b) not otherwise subject to ERISA;

"Notice" means an Accommodation Request or a Repayment/Cancellation Notice;

"Obligations" means, at any time:

- (a) the Principal Outstanding under the Credit Facility;
- (b) all accrued and unpaid interest thereon and all interest on accrued and unpaid interest;
- (c) all accrued and unpaid fees, expenses, costs, indemnities, Increased Costs and other amounts payable to the Lenders or the Administrative Agent pursuant to the provisions of any Credit Facility Document or otherwise in respect of the Credit Facility;
- (d) all other obligations and liabilities of the Borrowers under the Credit Facility Documents;
- (e) all Hedging Obligations; and
- (f) any and all obligations of the Borrowers and Restricted Subsidiaries under any cash management arrangements and other bank products or services with any of the Lenders;

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury;

"One Month CDOR Rate" means, for any day, the rate of interest per annum equal to the average annual yield rate for one month Canadian Dollar bankers' acceptances (expressed for such purpose as a yearly rate per annum in accordance with §5.4 which rate is shown on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuters Limited (or any successor thereto or Affiliate

thereof) at 10:00 a.m. (Toronto time) on such day or, if such day is not a Business Day, on the immediately preceding Business Day; provided that, if CDOR determined as aforesaid shall ever be less than zero, CDOR shall be deemed to be zero for purposes of this Agreement;

“Original Maturity Date” means August 1, 2022.

“Participant” has the meaning ascribed in §13.8(c);

“Payment Account” means the following accounts:

(a) in the name of WFP for US Dollars:

TD Canada Trust
700 West Georgia Street
Vancouver, B.C., V6E 3P3
Swift Code: TDOMCATTTOR
Account Number: 0902 – 7323505
Bank#/Transit #: 004 94000

(b) in the name of WFP for Cdn. Dollars:

TD Canada Trust
700 West Georgia Street
Vancouver, B.C., V6E 3P3
Swift Code: TDOMCATTTOR
Account Number: 0902 – 5243494
Bank#/Transit #: 004 94000

(c) In the name of WFP US for US Dollars:

Wells Fargo Bank, N.A.
420 Montgomery
San Francisco, California, 94101
Swift Code: WFBIUS6S
Routing Number: 121000248
Transit No./Account No: 4226036911

or such other places or accounts as may be agreed by the Administrative Agent and the Borrowers from time to time and notified to the applicable Lenders;

“Permitted Guarantees” means:

- (a) Guarantees by WFP in respect of purchases of assets by Non-Restricted Subsidiaries not exceeding in the aggregate \$25,000,000;
- (b) Guarantees by WFP of obligations of a Restricted Subsidiary;

- (c) Guarantees by WFP or any Subsidiary of WFP in respect of Purchase Money Obligations;
- (d) the Guarantees included in the Security;
- (e) Guarantees and indemnities granted by any Restricted Subsidiary incorporated or otherwise established or organized under the laws of a State in the United States of any of the indebtedness of any Restricted Subsidiary incorporated or otherwise established or organized under the laws of a State in the United States; and
- (f) Guarantees by WFP for other Contingent Obligations not exceeding in the aggregate \$25,000,000;

“Permitted Investments” means, in respect of any Person at any time, any one or more of the following:

- (a) Investments in cash or Cash Equivalents;
- (b) Investments in any Restricted Subsidiary;
- (c) Investments in any Non-Restricted Subsidiary not to exceed at any time \$75,000,000 in aggregate; and
- (d) Investments in Alternative Investments Structures not to exceed at any time \$50,000,000, provided such Investments relate to Timber Tenures;

“Permitted Liens” means, in respect of any Person at any time, any one or more of the following:

- (a) Liens for Taxes and workers’ compensation assessments not yet due or which are being actively contested in good faith by appropriate proceedings, provided, in the latter case, that the Borrowers shall have established appropriate reserves for such Taxes if required by and in accordance with GAAP;
- (b) Liens incidental to the conduct of its business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances, and which do not in the aggregate materially detract from the value of its property or assets taken as a whole or materially impair the use thereof in the operation of its business;
- (c) Liens on property or assets of a Borrower or a Restricted Subsidiary (i) which are Purchase Money Obligations, (ii) secure Capital Lease Obligations and (iii) secure obligations of such Restricted Subsidiary to WFP or a Wholly-Owned Restricted Subsidiary;
- (d) carrier’s, warehousemen’s, mechanics’, materialmen’s, repairmen’s, construction, supplier’s, woodworker’s and other like Liens arising by operation of Law, arising in the ordinary course of business, which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings, and, during such period during which such Liens are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Credit Party;

- (e) any Lien (i) existing on any property of any Person at the time it becomes a Restricted Subsidiary, provided that the Indebtedness secured by such Lien is not assumed by a Borrower or a Restricted Subsidiary, or (ii) existing prior to the time of acquisition upon any property acquired by a Borrower or a Restricted Subsidiary through purchase, merger or amalgamation or otherwise provided that the Indebtedness secured by such Lien is not assumed by a Borrower (unless it is the acquiring corporation) or a Restricted Subsidiary, or (iii) placed upon property now owned or hereafter acquired by a Borrower or a Restricted Subsidiary at the time of, or within six months after, the acquisition thereof to secure all or a portion of the purchase price thereof or to secure all or a portion of the construction costs (including cost of installation) of improvements thereon or additions thereto, in each case made within six months of the acquisition thereof, provided that, with respect to Liens referred to §(i), (ii) and (iii), (A) any such Lien shall not encumber any other property of such Borrower or such Restricted Subsidiary, and (B) the aggregate amount of Indebtedness secured by any such Lien could be incurred under §(c) of the definition of Indebtedness at the time such Person becomes a Restricted Subsidiary or at the time of such acquisition or creation and in each case after giving effect thereto;
- (f) any Lien renewing, extending or refunding any Lien permitted by §(e), provided that the principal amount secured is not increased, and the Lien is not extended to other property;
- (g) any Lien renewing, extending or refunding any Lien securing Indebtedness permitted by §(d), provided such Indebtedness was secured by a Lien immediately prior to such renewal, extension or refunding;
- (h) any Liens in favour of (i) Coastal Fibre Limited Partnership on Tree Farm Licence 37 and associated Timber Tenure related to that licence and (ii) J&J Timber Holdings Ltd in respect of logs and fallen timber;
- (i) any Liens or judgments as described in §(i) and (j) of Section 11.1 in respect of which deposits have been made with the Administrative Agent or otherwise secured; and
- (j) Liens which secure other Indebtedness permitted by the terms of this Agreement (for greater certainty, excluding Indebtedness permitted under §9.2(c)(5)) and which secure the Credit Facility equally and rateably with such other Indebtedness so long as such other Indebtedness is so secured, such security to be (i) effective no earlier than 30 days after notice has been provided to the Administrative Agent describing in reasonable detail the property and Indebtedness which is to be secured, and (ii) provided pursuant to documentation reasonably satisfactory to the Majority Lenders;

“Permitted Mergers” means any of the following:

- (a) the amalgamation of a Borrower with any one or more of the other Restricted Subsidiaries;
- (b) the amalgamation of one Restricted Subsidiary with one or more other Restricted Subsidiaries;

- (c) the formation of a partnership involving, and owned entirely by, the Persons referred to in §(a) or §(b); and
- (d) any amalgamation, merger or similar transaction involving only a Borrower and its Subsidiaries on terms and conditions confirmed by the Majority Lenders in writing to be satisfactory to them prior to completion of such transaction,

provided that the following additional conditions are satisfied:

- (e) the resulting, surviving or transferee Person shall be a Person organized and existing under the laws of Canada, any province thereof or any State of the United States of America;
- (f) such Person expressly assumes on terms and conditions and as to legal effect reasonably satisfactory to the Lenders' Counsel the obligations of all other Persons involved in such transaction under all Credit Facility Documents to which such other Persons are a party;
- (g) no Default or Event of Default has occurred and is continuing and immediately after giving effect to such transaction on a *pro forma* basis no Default or Event of Default shall have occurred and be continuing;
- (h) no such transaction shall affect the validity, enforceability, priority or perfection of any Credit Facility Document or any Liens constituted thereby (excluding Liens on any shares cancelled on any such amalgamation); and
- (i) WFP shall have delivered to the Administrative Agent a certificate of a Senior Officer and an opinion of counsel to the Credit Parties, each stating that such transaction complies herewith and otherwise in form and substance acceptable to the Administrative Agent;

"Person" includes an individual, partnership, body corporate, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture and other entity and any Governmental Body;

"Positive Cumulative Net Income" means the aggregate amount of Consolidated Net Income from January 1, 2018 to the date of determination, determined on an annual basis for each Financial Year and partial Financial Year prior to the date of determination, but excluding Consolidated Net Income which is zero or less for any Financial Year or partial Financial Year, less the amount of regularly scheduled cash Dividends (but not including special cash Dividends) paid to the shareholders of common shares of WFP from January 1, 2018 to the date of determination;

"Prime Rate" means, at any time, the greater of:

- (a) the rate of interest per annum established and reported by Royal from time to time as the reference rate of interest it charges to customers for Canadian Dollar loans made by it in Canada; and
- (b) the One Month CDOR Rate, plus 1.00% per annum,

as to which a certificate of the Administrative Agent, absent manifest error, shall be conclusive evidence from time to time. With each quoted or published change in such rate aforesaid of Royal there shall be a corresponding change in any rate of interest payable under this Agreement based on the Prime Rate should such changed rate exceed that set forth in §(b) of this definition, all without the necessity of any notice thereof to the Borrowers or any other Person;

“Principal Outstanding” means, at any time, the amount (calculated and expressed in Cdn. Dollars, with each US Dollar obligation converted for purposes of such calculation into the Equivalent Amount in Cdn. Dollars) equal to:

- (a) the aggregate principal amount of all Advances and BA Equivalent Loans then outstanding made by such Lender; and
- (b) the Face Amount of all Accommodations then outstanding made by such Lender by way of Bankers’ Acceptances (whether or not held by such Lender) and Letters of Credit;

“Purchase Money Obligations” means:

- (a) any Lien existing and assumed at the time of acquisition by WFP or any of its Subsidiaries on any property acquired from arm’s length third parties after the date hereof;
- (b) any Lien on any property owned by WFP or any of its Subsidiaries on the Closing Date or acquired by WFP or any of its Subsidiaries from arm’s length third parties after the Closing Date to secure the whole or any part of the purchase price of such property or moneys borrowed to pay such purchase price;
- (c) any security interest in respect of any property acquired from arm’s length third parties by WFP or any of its Subsidiaries after the date hereof; and
- (d) any extensions, renewals, replacements, substitutions or refinancing of any Lien or other security interest described in (a), (b) and (c) above provided that the principal amount of the indebtedness secured thereby outstanding on the date of the extension, renewal, replacement, substitution or refinancing is not increased to an amount greater than the amount outstanding on the date the Lien or other encumbrance or title retention agreement was first granted or assumed on the property,

provided that any such Liens are secured only by the property so owned or acquired and not by any other assets and may be discharged or caused to be discharged upon payment in full of the amount permitted to be secured under (a) to (c) inclusive above;

“Receiver” includes a receiver, receiver/manager and receiver and manager;

“Release” includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping, or permitting any of the foregoing to occur;

“Repayment/Cancellation Notice” means a notice in the form of or to substantially similar effect as Schedule 3, given to the Administrative Agent by the applicable Borrower pursuant to any relevant provision of this Agreement;

“Required Notice”, when used with respect to a type of Accommodation, a payment, prepayment or reduction of the Commitments hereunder, means such number of days’ notice to the Administrative Agent as is set forth in Schedule 7;

“Restricted Payment” means any payment by a Borrower or any Restricted Subsidiary which:

- (a) is the payment of a Dividend or other payment on Capital Stock;
- (b) is used for the redemption, retirement, buy-back or other acquisition of such Capital Stock or of warrants, rights or other options to purchase such Capital Stock (except when solely in exchange for such stock); or
- (c) is the payment of a distribution or other amount payable to partners of a partnership;

“Restricted Subsidiary” means the following subsidiaries of WFP:

- (a) WFP US;
- (b) WFP Partnerships Ltd.;
- (c) Western Lumber Sales Limited;
- (d) Cascadia Fibre Supply Ltd.;
- (e) WFP Holdings US Inc.;
- (f) WFP Japan; and
- (g) any Subsidiary designated as such by WFP or WFP US provided that the Borrowers have complied with the provisions of §9.4.

Each Restricted Subsidiary shall continue to be such unless it is sold in accordance with §9.2(g) of this Agreement and released in accordance with §8.10 of this Agreement;

“Retroactive Amount” means that amount of interest, stamping fees and commitment fees equal to the difference, if any, between:

- (a) interest, stamping fees and commitment fees actually paid by a Borrower from and including the Interest Rate and Fee Adjustment Date following the end of each Financial Quarter to and including the Interest Rate and Fee Calculation Date; and
- (b) interest, stamping fees and commitment fees required to be paid for that Financial Quarter as a result of an adjustment to the Applicable Margin;

“Rollover” means, in respect of a Borrowing by way of LIBOR Advances, the continuation thereof or any portion thereof for a succeeding Interest Period and, in respect of a Drawing, the issuance of a further

Drawing on any day in a Face Amount not exceeding the Face Amount of the Drawing maturing on that day, the proceeds of which are used to pay (directly or indirectly) the maturing Drawing, all as contemplated by §2.11;

“**Royal**” means Royal Bank of Canada, a Canadian chartered bank;

“**S&P**” means S&P Global Ratings, a division of S&P Global Inc., and its successors;

“**Sale-Leaseback**” means an arrangement, transaction or series of arrangements or transactions under which title to any real property, tangible personal property or fixture is transferred by the Borrower or a Subsidiary (a "transferor") to another person which leases or otherwise grants the right to use such property to the transferor (or nominee of the transferor) and, whether or not in connection therewith, the transferor also acquires a right or is subject to an obligation to acquire such property or a material portion thereof;

“**Sanctioned Person**” means:

- (a) a person that is designated under, listed on, or owned or controlled by a person designated under or listed on, or acting on behalf of a person designated under or listed on, any Sanctions List;
- (b) a person that is located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organized under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions;
- (c) a person that is otherwise a target of Sanctions ("target of Sanctions" signifying a person with whom a person or other national of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities); or

any other person to which one or more Lenders would not be permitted to make a loan, or provide funding, in accordance with the Sanctions, or otherwise deal with pursuant to the Sanctions

“**Sanctions**” means the economic sanctions laws, regulations, orders, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority, including any sanctions or requirements imposed by, or based upon the obligations or authorities set forth in, the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Criminal Code* (Canada), the *Freezing of Assets of Corrupt Foreign Officials Act* (Canada), the *Foreign Extraterritorial Measures Act* (Canada), the *Export and Import Permits Act* (Canada), the Executive Order, the *U.S. Bank Secrecy Act* (31 U.S.C. §§ 5311 et seq.), the *U.S. Money Laundering Control Act of 1986* (18 U.S.C. §§ 1956 et seq.), the *USA Patriot Act of 2001*, the *U.S. International Emergency Economic Powers Act* (50 U.S.C. §§ 1701 et seq.), the *U.S. Trading with the Enemy Act* (50 U.S.C. App. §§ 1 et seq.), the *U.S. United Nations Participation Act*, the *U.S. Syria Accountability and Lebanese Sovereignty Act*, the *U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010* or the *Iran Sanctions Act* (United States), or any of the foreign assets control regulations of the U.S. Department of the Treasury (including but not limited to 31 CFR, Subtitle B, Chapter V) or any other law or executive order relating thereto or regulation administered by OFAC, in all cases, only to the extent such economic sanctions laws, regulations, orders, embargoes or restrictive measures would not violate applicable Law in Canada.

"Sanctions Authority" means any of: (a) the Canadian government; (b) the United States government; (c) the United Nations; (d) the respective governmental institutions, departments and agencies of any of the foregoing, including Global Affairs Canada, Public Safety Canada, OFAC, the United States Department of State; **"Sanctions Authorities"** means all of the foregoing Sanctions Authorities, collectively.

"Sanctions List" means the "Specially Designated Nationals and Blocked Persons" list maintained by OFAC or any substantially similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

"Schedule I Bank" means a bank under Schedule I of the *Bank Act* (Canada);

"Schedule II/III Bank" means a bank under Schedule II or III of the *Bank Act* (Canada);

"Security" means the agreements, documents and instruments required to be delivered under §8.1, as amended, supplemented or replaced from time to time;

"Senior Officer" means, in respect of a corporation, the chairman of the board, the president or chief executive officer, the chief financial officer, the chief legal officer, a vice-president, the secretary, the treasurer or such other officer as the Administrative Agent may agree to;

"Specified Assets" means those assets described in Schedule 12;

"Subsidiary" means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries);

"Swingline" means collectively, the Canadian Swingline and the US Swingline;

"Swingline Advance" means a Canadian Swingline Advance or a US Swingline Advance, as the case may be;

"Swingline Amount" means collectively, the Canadian Swingline Amount and the US Swingline Amount;

"Swingline Lenders" means collectively, the Canadian Swingline Lender and the US Swingline Lender;

"Taxes" means all taxes, levies, imposts, stamp taxes, duties, fees, deductions, withholdings, charges, compulsory loans or restrictions or conditions resulting in a charge which are imposed, levied, collected, withheld or assessed by any country or political subdivision or taxing authority thereof as of the date hereof or at any time in the future together with interest thereon and penalties with respect thereto, if any, and any payments of principal, interest, charges, fees or other amounts made on or in respect thereof (but excluding Excluded Taxes), and **"Tax"** and **"Taxation"** shall be construed accordingly;

"TD" means The Toronto-Dominion Bank, a Canadian chartered bank.

“Timber Tenures” mean all timberlands, forest licences, timber sale licences, timber licences, tree farm licences, pulpwood agreements, woodlot licences, free use permits, licences to cut, road permits, road use permits, cutting permits and special use permits granted pursuant to the *Forest Act* (British Columbia) and all other timber tenures or entitlements of a Borrower or any Restricted Subsidiary in respect of timber now owned or hereafter acquired by a Borrower or a Restricted Subsidiary together with all rights, authorizations and benefits connected therewith or appurtenant thereto and all renewals, replacements, amendments, subdivisions, consolidations, partitions, conversions or substitutions thereof or therefor;

“Total Capitalization” means, as at the date of determination, the sum of Consolidated Total Debt and Consolidated Net Worth;

“Uniform Customs” means the Uniform Customs and Practice for Documentary Credits, as published by the International Chamber of Commerce and in effect from time to time;

“US Base Rate” means, for any day, the greatest of:

- (a) the rate of interest per annum established from time to time by the Administrative Agent as the reference rate of interest for the determination of interest rates that the Administrative Agent will charge to customers of varying degrees of creditworthiness in Canada for United States Dollar demand loans in Canada;
- (b) the rate of interest per annum for such day or, if such day is not a Business Day, on the immediately preceding Business Day, equal to the sum of the Federal Funds Effective Rate (expressed for such purpose as a yearly rate per annum, on the basis of a year of 365 days, in accordance with §5.4), plus 1.00% per annum; and
- (c) LIBOR (expressed for such purpose as a yearly rate per annum, on the basis of a year of 365 days, in accordance with §5.4) for a period of 1 month on such day (or in respect of any day that is not a Business Day, such LIBOR in effect on the immediately preceding Business Day) plus 1.00% per annum.

provided that: (i) if all such rates are equal or if such Federal Funds Effective Rate and LIBOR are unavailable for any reason on the date of determination, then the **“U.S. Base Rate”** shall be the rate specified in (a) above; and (ii) if any of the circumstances referenced in §13.1(a), (b) or (c) or have occurred or been determined to have occurred, then the **“U.S. Base Rate”** shall be determined without regard to (c) above;

“US Dollars”, **“United States Dollars”** and **“US\$”** each mean lawful money of the United States of America in same day immediately available funds or, if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day payment is due hereunder;

“US Multiemployer Plan” means any U.S. Plan that is a “multiemployer plan” (as such term is defined in section 4001(4)(3) of ERISA);

“US Plan” means an “employee benefit plan” (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the

preceding five years, have been made or required to be made, by WFP or any ERISA Affiliate or with respect to which a Borrower or any ERISA Affiliate may have any liability;

“US Prime Rate” means, at any time, a variable rate of interest per annum equal to the “U.S. prime rate” as reported on such day in the Money Rates Section of the Eastern Edition of The Wall Street Journal as the average prime lending rate for 70% of the nation’s largest banks, or if the Eastern Edition of The Wall Street Journal is not published on such day, such rate as last published in the Eastern Edition of The Wall Street Journal, as to which a certificate of the Administrative Agent, absent manifest error, shall be conclusive evidence from time to time. In the event the Eastern Edition of The Wall Street Journal ceases to publish such rate or an equivalent on a regular basis, the term “US Prime Rate” shall be determined on any day by reference to such other regularly published average prime rate for such date applicable to such commercial banks as is acceptable to the Administrative Agent in its sole discretion. Any change in US Prime Rate shall be automatic, without the necessity of notice provided to the Borrowers;

“US Swingline” means that portion of the Credit Facility to be made available by the US Swingline Lender to WFP US as described in §2.1(f), and **“US Swingline Advance”** means an advance of monies made or deemed to have been made, including by way of overdraft, by the US Swingline Lender under the US Swingline;

“US Swingline Amount” means US \$25,000,000 to the extent not permanently reduced, cancelled or terminated pursuant to this Agreement;

“US Swingline Lender” means Wells, acting in its capacity as the Lender of US Swingline Advances under §2.1(f), and any other lender which may in future provide a swingline to WFP US;

“Wells” means Wells Fargo Bank, National Association;

“WFP” means Western Forest Products Inc., its successors and permitted assigns;

“WFP Japan” means Western Forest Products Japan Limited, its successors and permitted assigns;

“WFP US” means Western Forest Products US LLC, its successors and permitted assigns;

“Wholly-Owned Restricted Subsidiary” means any Restricted Subsidiary, all of the voting shares of every class of which, other than directors’ qualifying shares, shall, at the time as of which any determination is being made, be owned by WFP or an Affiliate of WFP, either directly or through Wholly-Owned Subsidiaries;

“Wholly-Owned Subsidiary” means, with respect to a Person, any other Person, if at such time such first-mentioned Person and/or one or more Wholly-Owned Subsidiaries of such first-mentioned Person owns, directly or indirectly, all of the Capital Stock in such other Person (other than director’s qualifying shares).

1.2 Computation of Time Periods

- (a) *Inclusion Rules.* In this Agreement, in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word **“from”** means **“from and including”** and the words **“to”** and **“until”** each mean **“to but excluding”**.

- (b) *Ibid.* Where in this Agreement a notice must be given a number of days prior to a specified action, the day on which such notice is given shall be included and the day of the specified action shall be excluded.

1.3 Accounting Principles

- (a) *GAAP.* Wherever in this Agreement reference is made to GAAP, such reference shall be deemed to be to the recommendations at the relevant time of the CPA, or any successor institute, applicable on a consolidated basis (unless otherwise expressly provided or contemplated herein to be applicable on an unconsolidated basis) as at the date on which such calculation or determination is made or required to be made in accordance with GAAP. Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any other Credit Facility Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a consistent basis.
- (b) *Material Difference.* If WFP determines at any time that any amount required to be determined hereunder would be materially different if such amount were determined in accordance with:
 - (1) GAAP to be applied by WFP in respect of its financial statements on the date hereof ("**Old GAAP**"), rather than
 - (2) GAAP subsequently in effect and applied by WFP in respect of its financial statements and utilized for purposes of determining such amount,then WFP shall provide written notice of such determination to the Administrative Agent.
- (c) *Change in Accounting Policy.* If WFP adopts a change in an accounting policy in the preparation of its financial statements in order to conform to accounting recommendations, guidelines, or similar pronouncements, or legislative requirements, and such change would require disclosure thereof under Old GAAP, or would reasonably be expected to materially and adversely affect (a) the rights of, or the protections afforded to, the Administrative Agent or the Lenders hereunder or the measurement or calculation of the financial covenants provided hereunder, WFP shall so notify the Administrative Agent, describing the nature of the change and its effect on the current and immediately prior year's financial statements in accordance with Old GAAP and in detail sufficient for the Administrative Agent to make the determination required of it in the following sentence. If the Administrative Agent determines at any time that such change in accounting policy results in a material adverse change in the rights of, or protections afforded to, the Administrative Agent or the Lenders or intended to be derived, or provided for, hereunder the Administrative Agent shall provide written notice of such determination to WFP.
- (d) *Effect of Material Difference or Change in Accounting Policy.* Upon the delivery of a written notice pursuant to §1.3(b) or §1.3(c), WFP and the Administrative Agent, on

behalf of the Lenders, shall meet to consider the impact of such change in Old GAAP or such change in accounting policy, as the case may be, on the rights of, or protections afforded to, the Administrative Agent and the Lenders or on the position of the Borrowers and shall in good faith negotiate to execute and deliver an amendment or amendments to this Agreement in order to preserve and protect the intended rights of, or protections afforded to, the Administrative Agent and the Lenders on the date hereof or the position of the Borrowers or the Administrative Agent and the Lenders (as the case may be); provided that, until this Agreement has been amended in accordance with the foregoing, then for all purposes hereof, the applicable changes from Old GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and WFP's prior accounting policy. For the purposes of this §1.3, WFP, the Lenders and the Administrative Agent acknowledge that the amendment or amendments to this Agreement are to provide substantially the same rights and protection to the Administrative Agent and the Lenders as is intended by this Agreement on the date hereof. If WFP and the Administrative Agent on behalf of the Lenders do not (for any reason whatsoever) mutually agree (in their respective sole discretions, without any obligation to so agree) on such amendment or amendments to this Agreement within 60 days following the date of delivery of such written notice, WFP shall either continue to provide financial statements in accordance with Old GAAP or provide all such financial information as is reasonably required (or requested by the Administrative Agent, acting reasonably) in order for any amount required to be determined hereunder to be determined in accordance with Old GAAP and/or WFP's prior accounting policy and, for all purposes hereof, the applicable changes from Old GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and WFP's prior accounting policy.

- (e) All leases of WFP or any Subsidiary that are or would be characterized as operating leases in accordance with GAAP as in effect on the date hereof (whether or not such operating leases were in effect on such date) shall continue to be accounted for as operating leases (and not as Capital Leases) for purposes of this Agreement regardless of any change in GAAP following the date that would otherwise require such leases to be re-characterized as Capital Leases

1.4 Incorporation of Schedules

Schedules 1 to 13 shall, for all purposes hereof, form an integral part of this Agreement.

1.5 Gender; Singular & Plural.

As used herein, each gender shall include all genders, and the singular shall include the plural and the plural the singular, as the context shall require.

1.6 Use of Certain Words

The words “**including**” and “**includes**”, when either follows any general term or statement, is not to be construed as limiting the general term or statement to the specific terms or matters set forth immediately following such word or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement.

1.7 Successors, etc.

In this Agreement:

- (a) reference to any body corporate shall include successors thereto, whether by way of amalgamation or otherwise; provided that transfers and assignments by a Borrower and Restricted Subsidiaries and corporate and other reorganizations shall nonetheless be undertaken only in accordance with any restrictions imposed by the terms hereof;
- (b) references to any statute, enactment or legislation or to any section or provision thereof include a reference to any order, ordinance, regulation, rule or by-law or proclamation made under or pursuant to that statute, enactment or legislation and all amendments, modifications, consolidations, re-enactments or replacements thereof or substitutions therefor from time to time; and
- (c) reference to any agreement, instrument, Governmental Approval or other document shall include reference to such agreement, instrument, Governmental Approval or other document as the same may have been heretofore or may from time to time hereafter be amended, supplemented, replaced or restated.

1.8 Interpretation not Affected by Headings

The division of this Agreement into Articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.9 General Provisions as to Certificates and Opinions

Whenever the delivery of a certificate is a condition precedent to the taking of any action by the Administrative Agent or any Lender hereunder, the truth and accuracy of the facts and the diligent and good faith determination of the opinions stated in such certificate shall in each case be conditions precedent to the right of a Borrower to have such action taken, and any certificate executed by a Borrower shall be deemed to represent and warrant that the facts stated in such certificate are true, accurate and complete.

1.10 Currency

Unless otherwise specified, all statements of, or references to, dollar amounts in the Agreement without currency specification shall mean Canadian Dollars.

2. THE CREDIT FACILITY

2.1 Credit Facility

- (a) *Commitment.* The Lenders severally agree with the Borrowers to make the Credit Facility available to the Borrowers, subject to the terms and conditions of this Agreement, on a committed, revolving basis in the principal amount of up to but not exceeding Cdn. \$250,000,000 or the Equivalent Amount in US Dollars, or such greater amount as determined under §2.1(g). The Canadian Swingline and the US Swingline are sub-facilities of and are included in the Credit Facility, and any Borrowings under the Canadian Swingline and the US Swingline will reduce available Borrowings under the Credit Facility by the amount of such Borrowings.

Subject to the terms and conditions set forth in this Agreement:

- (1) the Lenders shall make the Credit Facility available (i) in Canadian Dollars by way of Prime Rate Advances, Bankers' Acceptances or Letters of Credit and (ii) in US Dollars by way of US Base Rate Advances, US Prime Rate Advances, LIBOR Advances or Letters of Credit; and
- (2) each Lender shall make Accommodations *pro rata* on the basis of such Lender's Commitment, as set forth in Schedule 1.

In no event shall a Lender be obligated to make Accommodations available under the Credit Facility if after making such Accommodations the Principal Outstanding of that Lender's Accommodations under the Credit Facility would exceed that Lender's Commitment in respect the Credit Facility.

Each Lender shall make Accommodations available to the Borrowers through its Lending Branch.

- (b) *Purposes.* The Credit Facility shall be used for the general corporate purposes of the Borrowers and their Subsidiaries, including working capital requirements and refinancing of existing indebtedness.
- (c) *Availability Period.* Subject to the terms and conditions herein set forth, Accommodations in respect of the Credit Facility will be made available by way of multiple draws from time to time up to the Maturity Date;
- (d) *Minimum Amounts.* Subject to the Majority Lenders in any specific instance waiving such requirement, the following minimum amounts shall apply in respect of certain Borrowings and Drawings requested under each Accommodation Request (excluding Swingline Advances and Advances under §2.1(f)(2)):
- (1) the aggregate of the Prime Rate Advances requested in any Borrowing shall be at least Cdn. \$5,000,000 and a whole multiple of Cdn. \$1,000,000;

- (2) each Bankers' Acceptance shall be in a Face Amount of at least Cdn. \$100,000 and a whole multiple thereof;
 - (3) the aggregate of the Face Amount of Bankers' Acceptances requested in any Drawing shall be at least Cdn. \$5,000,000 and a whole multiple of Cdn. \$1,000,000;
 - (4) the aggregate of the US Base Rate Advances and US Prime Rate Advances requested in any Borrowing, shall be at least US\$5,000,000 and a whole multiple of US\$1,000,000; and
 - (5) the aggregate of the LIBOR Advances requested in any Borrowing shall be at least US\$5,000,000 and a whole multiple of US\$1,000,000, provided that there shall be no more than five LIBOR Advances under the Credit Facility at any one time.
- (e) *Revolving Nature of the Credit Facility.* The Credit Facility is a revolving facility and amounts may be repaid thereunder and subsequently made the subject of a further Accommodation (subject to compliance with the terms and conditions of this Agreement).
- (f) **Swingline Advances.**
- (1) Each of:
 - (A) the Canadian Swingline Lender hereby establishes the Canadian Swingline up to the Canadian Swingline Amount and agrees to maintain during the term of this Agreement at its Lending Branch an account for WFP (which account is referred to as the "**Canadian Swingline Account**"); and
 - (B) the US Swingline Lender hereby establishes the US Swingline up to the US Swingline Amount and agrees to maintain during the term of this Agreement an account for WFP US (which account is referred to as the "**US Swingline Account**"),

and each of which accounts for purposes of this agreement are referred to as a "**Swingline Account**". Each Swingline Account shall record the day to day banking business of the relevant Borrower with the relevant Swingline Lender under this §2.1(f).
 - (2) For greater certainty:
 - (A) the Canadian Swingline Amount will constitute a part of the Commitment of the Canadian Swingline Lender; and
 - (B) the US Swingline Amount will constitute a part of the Commitment of the US Swingline Lender.

- (3) Each Swingline Advance shall be made by the relevant Swingline Lender by way of a Prime Rate Advance (if requested in Canadian Dollars) or a US Base Rate Advance (if requested in US Dollars) on the same days' notice if given to that Swingline Lender before noon (Toronto time) or, if requested by the relevant Borrower, on an overdraft basis by debiting such account of the relevant Borrower as shall be established by agreement of that Borrower and the relevant Swingline Lender. The amount of any such overdraft from time to time shall be deemed to be a Prime Rate Advance (to the extent of such debit balance in Canadian Dollars) and a US Base Rate Advance (to the extent of such debit balance in US Dollars). The Borrowers shall ensure that the aggregate Principal Outstanding of (i) the Canadian Swingline Advances does not exceed the Canadian Swingline Amount and (ii) the US Swingline Advances does not exceed the US Swingline Amount, respectively, at any time.
- (4) Advances by a Swingline Lender outstanding at any time under this §2.1(f) are limited to the relevant Swingline Amount. On the last Business Day of each month, or more frequently as the relevant Swingline Lender may request, the relevant Swingline Lender shall notify the Administrative Agent and the Administrative Agent shall notify the other Lenders of the requirement for an Advance by way of Prime Rate Advance (if requested in Canadian Dollars) or a US Base Rate Advance (if requested in U.S. Dollars) to be made available by each of them under the Credit Facility in an amount as nearly equal to that Lender's rateable share of the Swingline Advances outstanding under this §2.1(f) as is possible under the limitations set out in this Agreement; provided that the Administrative Agent shall not be required to request an Advance from the Lenders at any time when the amount of the outstanding Swingline Advances is less than \$1,000,000. The proceeds of that Advance:
- (A) if by way of Prime Rate Advance, shall be deposited by the Administrative Agent to the Canadian Swingline Account to be applied against the relevant outstanding Canadian Swingline Advances; and
 - (B) if by way of US Base Rate Advance, shall be deposited by the Administrative Agent to the US Swingline Account to be applied against the relevant outstanding US Swingline Advances.
- (5) Each Lender agrees to indemnify the Swingline Lenders (to the extent not reimbursed by the relevant Borrower), rateably from and against any and all losses and claims of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Swingline Lenders in any way relating to or arising out of any Swingline Advance made under this §2.1(f), provided that no Lender shall be liable for any portion of such losses or claims resulting from the Swingline Lenders' gross negligence or wilful misconduct.
- (6) Each Swingline Lender irrevocably agrees to grant and hereby grants to each of the Lenders, and to induce the Swingline Lenders to make Swingline Advances available hereunder, each of the Lenders irrevocably agrees to accept and

purchase and hereby accepts and purchases from the Swingline Lenders, on the terms and conditions hereinafter stated, for each such Lender's own account and risk, an undivided interest equal to such Lender's rateable share of the Swingline Lenders' obligations and rights under and in respect of each Swingline Advance. Each Lender unconditionally and irrevocably agrees with each Swingline Lender that, if a Swingline Advance is not repaid in full by the relevant Borrower in accordance with the terms of this Agreement, such Lender shall pay to the relevant Swingline Lender, through the Administrative Agent, upon demand, an amount equal to such Lender's rateable share of the amount of such Swingline Advance or any portion thereof which is not so repaid by the relevant Borrower.

Notwithstanding anything to the contrary in this Agreement: (x) if an Event of Default occurs or (y) at any time or from time to time, a Swingline Lender may, in its sole discretion, give notice in writing to the Administrative Agent, who shall forthwith notify the Lenders that the principal amount of such Swingline Lender's outstanding Swingline Advances shall be funded with an Accommodation under the Credit Facility.

(g) *Increase in the Credit Facility.* The Borrowers may at any time by written notice to the Administrative Agent (the "**Accordion Notice**") delivered prior to the Maturity Date, request that the Lenders increase the total Commitments under the Credit Facility by up to \$100,000,000 or the Equivalent Amount in US Dollars (a "**Credit Facility Increase**"), which amount the Borrowers shall select in multiples of \$10,000,000. The Lenders shall provide their approval or disapproval within 30 days of the day of the Administrative Agent's receipt of the Accordion Notice. If one or more Lenders (for the purposes of this §2.1(g) each a "**Declining Lender**") declines the Borrowers' request to increase the total Commitments with respect to the Credit Facility, the Administrative Agent shall, at the option of the Borrowers:

- (1) permit the other Lenders to increase their Commitments with respect to the Credit Facility proportionately to take up all or part of the proposed Credit Facility Increase in the Commitments of the Declining Lenders; or
- (2) designate a replacement lender or lenders (nominated by the Borrowers and each of which shall be a financial institution in Canada or the US with a credit rating from Moodys of A3 or better and S&P of A minus or better) to take up all or part of the Commitments of the Declining Lenders with respect to the proposed Credit Facility Increase in the total Commitments under the Credit Facility,

or the Borrowers may select a combination of (1) and (2), provided that:

- (3) no Default or Event of Default has occurred and is continuing or would result from any such Credit Facility Increase;
- (4) the Borrower provides evidence of compliance with the covenants in §9 on a pro forma basis taking into account the Credit Facility Increase;
- (5) the Credit Facility Increase provided for in this section is syndicated to the reasonable satisfaction of the Administrative Agent; and

- (6) the Credit Facility Increase will be subject to all of the terms and conditions of this Agreement.

2.2 Repayment, Foreign Exchange Fluctuation, Extension of Maturity, etc.

- (a) *General.* Subject to §2.2(c) through (f), the Principal Outstanding of and all other Obligations relating to the Credit Facility will become due and payable in full on the Maturity Date.
- (b) *Foreign Exchange Fluctuations.* If at any time the Principal Outstanding under the Credit Facility shall exceed 105% of the aggregate Commitments of the Lenders in respect of the Credit Facility or if at any time the Principal Outstanding under the Credit Facility shall have exceeded for a 30 day period 103% of the aggregate Commitments of the Lenders in respect of the Credit Facility, in either case solely by virtue of a change in the Equivalent Amount in Cdn. Dollars of Accommodations made in US Dollars, the Borrowers shall within 10 Business Days following demand therefor by the Administrative Agent pay to the Administrative Agent such amount as is required to reduce the Principal Outstanding to such aggregate Commitments.
- (c) *Extension of the Maturity Date.* At the request of the Borrowers, the Administrative Agent, with the consent of the Majority Lenders, shall extend the Maturity Date for successive periods of one year. If the Borrowers are desirous of extending the Maturity Date they shall so notify the Administrative Agent not more than 90 days and not less than 60 days prior to the then current Anniversary Date, and the Administrative Agent shall, within 30 days of receipt of such extension notice, advise the Borrowers of the determination by each of the Lenders in response to any such request. If the Administrative Agent, with the consent of the Majority Lenders, determines that it will extend the Maturity Date in accordance with the Borrowers' request, the current Maturity Date shall, subject to §(d), be extended to that date agreed to by the "Consenting Lenders" (as defined in §(d)).
- (d) *Credit Facility Availability on Certain Terms.* If one or more Lenders declines a request from the Borrowers for an extension of the Maturity Date ("**Declining Lenders**") but an extension has been approved by the Majority Lenders ("**Consenting Lenders**"), the Administrative Agent shall, at the option of the Borrowers, and subject to the provisions of §(e):
- (1) permit a Consenting Lender to increase its respective Commitment under the Credit Facility proportionately with other Consenting Lenders wishing to increase their respective Commitments under the Credit Facility to take up all or part of the Commitments of the Declining Lenders, including, without limitation, Commitments in respect of issued and unexpired Letters of Credit;
 - (2) designate a replacement lender or lenders (each of which shall be a financial institution in Canada or the US with a credit rating from Moodys of A3 or better and S&P of A minus or better), to take all or part of the Commitments of the

Declining Lenders in respect of the Credit Facility, including, without limitation, Commitments in respect of issued and unexpired Letters of Credit; or

- (3) agree to a permanent or temporary reduction of the principal amount of the Credit Facility to that amount which is equal to the aggregate Commitment of the Declining Lenders in respect of the Credit Facility and to extend the Maturity Date for one year, or to that date requested by the Borrowers and agreed to by the Consenting Lenders,

each of the above, to be subject to the reasonable satisfaction of the Administrative Agent.

The Borrowers may select a combination of options (1), (2) and (3) above.

- (e) *Borrowers to Repay Declining Lenders.* If the Administrative Agent has advised the Borrowers that the Consenting Lenders have agreed to extend the Maturity Date, on terms which reflect any of the three options set forth in §(d) and such terms are acceptable to the Borrowers, the Borrowers shall so advise the Administrative Agent 10 days prior to the then current Maturity Date. The revised principal amount of the Credit Facility and extended the Maturity Date shall not become available to the Borrowers unless, on or prior to the then current Maturity Date the Declining Lenders have been repaid in full or arrangements satisfactory to the Administrative Agent, the Consenting Lenders and the Declining Lenders have been made to repay the Declining Lenders in respect of the Credit Facility, including to deal with the obligations of the Declining Lenders in respect of issued and unexpired Letters of Credit.
- (f) *Declining Lenders Consent to Amended Credit Facility Terms.* The Declining Lenders agree that payment in full pursuant to §(e) or acceptance by the Declining Lenders of arrangements to effect such payment shall constitute consent from each of them pursuant to §13.2(a) of this Agreement to the amended terms and conditions of the Credit Facility, if any, including the change of the Maturity Date and all other amendments agreed to by the Borrowers and the Consenting Lenders. On payment in full pursuant to §(e) a Declining Lender shall cease for all purposes to be a Lender and shall no longer be required to execute any subsequent modification or amendment of this Agreement.
- (g) *Letters of Credit and Bankers' Acceptances.* If there are unexpired Letters of Credit or Bankers' Acceptances outstanding under the Credit Facility at the time that the Majority Lenders decline an extension of the Maturity Date pursuant to §2.2(c) the Borrowers shall make arrangements satisfactory to the Lenders to deal with the outstanding liabilities of the Lenders under those Bankers' Acceptances and Letters of Credit.

2.3 Voluntary Reductions

The Borrowers shall have the right at any time and from time to time, without penalty or bonus, upon delivery of a Repayment/Cancellation Notice to the Administrative Agent on the Required Notice, to terminate the whole or reduce in part on a permanent basis the unused portion of the Commitments of the Lenders in respect of the Credit Facility (*pro rata* among such Lenders on the basis of their respective

Commitments in respect of the Credit Facility); provided that each partial reduction shall be in an aggregate minimum amount of Cdn. \$5,000,000 and multiples in excess thereof of Cdn. \$1,000,000.

2.4 Payments

- (a) *Payment Account.* Each of the Borrowers shall make each payment to be made by it under this Agreement (with respect to a Voluntary Reduction under §2.3 only, following delivery of a Repayment/Cancellation Notice and on the Required Notice), in the currency of the Accommodation or other Obligation in respect of which such payment is made (be it Canadian Dollars or US Dollars) not later than 2:00 p.m. (Toronto time) on the day (subject to §2.4(b)) when due, in same day funds, by deposit (via wire transfer or such other manner as may be acceptable to the Administrative Agent) of such funds to the Payment Account.
- (b) *Business Day.* Subject to the next following sentence and the definition of Maturity Date, whenever any payment under this Agreement is due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. If any such extension would cause any payment of interest or fees on an Accommodation to be made in the next following calendar month, such payment shall be made on the last preceding Business Day.
- (c) *Application.* Unless otherwise provided herein, all amounts received by the Administrative Agent on account of the Obligations shall be applied by the Administrative Agent as follows:
- (1) first, to fulfil the Borrowers' obligation to pay accrued and unpaid interest due and owing (including interest on overdue interest and on other amounts);
 - (2) second, to fulfil the Borrowers' obligation to pay any fees which are due and owing to the Lenders hereunder (including those fees set forth in §2.6), and any Increased Costs and other unpaid costs, expenses and other amounts payable to the Administrative Agent and the Lenders in connection with any of the Credit Facility Documents;
 - (3) third, to fulfil the Borrowers' obligation to pay any amounts due and owing on account of Principal Outstanding (including in respect of the Face Amount of outstanding Bankers' Acceptances and Letters of Credit); and
 - (4) fourth, to the Borrowers or as any court of competent jurisdiction may otherwise direct.
- (d) *Pro Rata Basis.* All payments of principal, interest and fees herein set forth, unless otherwise expressly stipulated, shall be made for the account of, and distributed by the Administrative Agent to the relevant Lenders *pro rata* on the basis of their respective Commitments with respect to the Credit Facility; provided that, in the event that certain Lenders have received payment of interest as accrued up to a certain date, and other Lenders have only received payment as accrued up to an earlier date, any amounts

required to be applied to interest hereunder shall first be paid to such other Lenders, until all Lenders have received payment of interest as accrued up to the same date, and thenceforth to all Lenders as otherwise required by this Agreement.

- (e) *Netting.* If on any date amounts (other than interest and fees) would be payable under this Agreement in the same currency by a Borrower to certain Lenders and by such Lenders to either or both of the Borrowers, then, on such date, upon notice from the Administrative Agent stating that netting is to apply to such payments, each such party's obligations to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by a Borrower to such Lenders exceeds the aggregate amount that would otherwise have been payable by such Lenders to either or both of the Borrowers or vice versa, such obligations shall be replaced by an obligation upon the Borrowers or such Lenders by whom the larger aggregate amount would have been payable to pay to the other the excess of the larger aggregate amount over the smaller aggregate amount.
- (f) *Payments Free of Set-off.* Except as set forth in §2.4(d), each payment made by a Borrower on account of the Obligations shall be made without set-off or counterclaim.

2.5 Computations

- (a) *Basis.* All computations of:
 - (1) interest based on the Prime Rate and the Base Rate shall be made by the Administrative Agent on the basis of a year of 365 days or, in the case of a leap year, 366 days and the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable; and
 - (2) interest based on LIBOR shall be made by the Administrative Agent on the basis of a year of 360 days and the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Computations of fees under §2.6(a), §4.6 and §5.12 shall be made by the Administrative Agent on the basis of a year of 365 days or, in the case of a leap year, 366 days and the actual number of days (including the first day but excluding the last day) occurring in the period for which such fees are payable. Each determination by the Administrative Agent of an amount of interest, Discount Proceeds or fees payable by a Borrower hereunder shall be conclusive and binding for all purposes, absent demonstrated error.

- (b) *Interest Act (Canada).* For purposes of disclosure pursuant to the *Interest Act (Canada)*, the yearly rate of interest to which any rate of interest based on LIBOR is equivalent may be determined by multiplying the applicable rate by a fraction, the numerator of which is the number of days to the same calendar date in the next calendar year (or 365 days if the calculation is made as of February 29) and the denominator of which is 360.

2.6 Fees

The Borrowers shall pay to the Administrative Agent the following fees, calculated as follows:

- (a) a commitment fee (for the account of the Lenders *pro rata* on the basis of their respective Commitments under the Credit Facility) payable by the Borrowers in Cdn. Dollars monthly in arrears on the fifth Business Day of the first month following the end of each month, and on the final day of availability of the Credit Facility, calculated on a daily basis on the difference between the aggregate Principal Outstanding (calculating any Equivalent Amount for each day of that month) under the Credit Facility and the aggregate Commitments with respect to the Credit Facility, at the rate set forth in the definition of "Applicable Margin"; for greater certainty, the portion of the commitment fee payable by the Borrowers in relation to the Swingline shall be based on the unused portion of the relevant Swingline and each Swingline Lender shall notify the Administrative Agent by the third Business Day of each month, of the commitment fee owing for the previous month and the calculations thereof for such month; and
- (b) such other fees agreed with the Administrative Agent in any agreement between the Administrative Agent and the Borrowers.

2.7 Interest on Overdue Amounts

Except as otherwise provided in this Agreement, each amount owed by the Borrowers to a Lender which is not paid when due (whether at stated maturity, on demand, by acceleration or otherwise) shall bear interest (both before and after maturity, default and judgment), from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the Prime Rate (in the case of amounts denominated in Cdn. Dollars) or the Base Rate (in the case of amounts denominated in US Dollars), in each case plus the Applicable Margin plus a further two percent per annum.

2.8 Account Debit Authorization

Without prejudice to the obligations of the Borrowers under §2.4(a), each of the Borrowers authorizes and directs the Administrative Agent, in its discretion, to automatically debit, by mechanical, electronic or manual means, the bank accounts of that Borrower maintained with Royal (for so long as Royal is the Administrative Agent hereunder) for all amounts due and payable under this Agreement on account of principal, interest and fees comprised in the Obligations.

2.9 Administrative Agent's Discretion on Allocation

In the event that it is not practicable to:

- (a) allocate an Accommodation *pro rata* in accordance with §3.2 or §4.1(b) by reason of the occurrence of circumstances described in Article 10; or
- (b) allocate a Drawing among the Lenders in accordance with §4.1(b) by reason of the need to ensure that the aggregate amount of Bankers' Acceptances required to be accepted hereunder complies with the minimum amounts or increments set forth in §2.1(d),

the Administrative Agent is authorized by the Borrowers and each Lender to make such allocation as the Administrative Agent determines in its sole and unfettered discretion may be equitable in the circumstances. All fees in respect of any such Drawing, and fees payable under §2.6(a), shall be adjusted, as among the Lenders, by the Administrative Agent accordingly.

2.10 Where Borrower Fails to Pay

Unless the Administrative Agent has been notified in writing by a Borrower at least one Business Day prior to the date on which any payment to be made by a Borrower under this Agreement is due that that Borrower does not intend to remit such payment, the Administrative Agent may, in its discretion, assume that the Borrowers (or either of them) have remitted such payment when so due and the Administrative Agent may, in its discretion and in reliance upon such assumption, make available to each relevant Lender on such payment date an amount equal to the portion of such payment which is due to such Lender pursuant to this Agreement. If the Borrowers (or either of them) do not in fact remit such payment to the Administrative Agent, the Administrative Agent (without prejudice to any rights or remedies of the Lenders against the Borrowers) shall promptly notify each relevant Lender and each such Lender shall forthwith on demand repay to the Administrative Agent an amount equal to the portion of such assumed payment made available to such Lender, together with interest thereon until the date of repayment thereof at a rate determined by the Administrative Agent (such rate to be conclusive and binding on such Lender) in accordance with the Administrative Agent's usual banking practice for similar advances to financial institutions of like standing as such Lender but in no event greater than the Prime Rate (in respect of payment in CDN Dollars) or Base Rate (in respect of payment in US Dollars).

2.11 Rollover and Conversion

- (a) *General.* Subject to the terms and conditions of this Agreement, each of the Borrowers may from time to time request that any Drawing or type of Borrowing or any portion thereof be rolled over or converted in accordance with the provisions hereof; provided that Conversions shall only be permitted into a type of Accommodation in the same currency.
- (b) *Request.* Each request by a Borrower for a Rollover or Conversion shall be made by the delivery of a duly completed and executed Accommodation Request to the Administrative Agent with the Required Notice and the provisions of Articles 3 or 4 shall apply to each request for a Rollover or Conversion as if such request were a request thereunder for an Advance or a Drawing (as the case may be).
- (c) *Effective Date.* Each Rollover or Conversion of a LIBOR Advance or Bankers' Acceptance shall be made effective as of, in the case of a LIBOR Advance, the last day of the subsisting Interest Period and, in the case of a Bankers' Acceptance, the maturity date applicable thereto.
- (d) *Failure to Elect.* If neither of the Borrowers delivers an Accommodation Request at or before the time required by §2.11(b) and:
 - (1) in the case of a Bankers' Acceptance, fails to give the Required Notice that it will pay to the Administrative Agent for the account of the applicable Lender the Face Amount thereof on the maturity date or if the relevant Borrower gives such notice

but fails to act in accordance with it, that Borrower shall be deemed to have requested a Conversion of the Face Amount thereof to a Prime Rate Advance and all of the provisions hereof relating to a Prime Rate Advance shall apply thereto; or

(2) in the case of a LIBOR Advance, fails to give the Required Notice that it will pay to the Administrative Agent for the account of the applicable Lender the principal amount thereof at the end of the relevant Interest Period or if the applicable Borrower gives such notice but fails to act in such accordance with it, such Borrower shall be deemed to have requested a Rollover of such Advance to a LIBOR Advance having an Interest Period of one month, and all of the provisions hereof applicable to LIBOR Advances shall apply thereto.

(e) *Continuing Obligation.* A Rollover or Conversion shall not constitute a repayment of the relevant Accommodation or a re-borrowing by the applicable Borrower but shall result in a change in the basis of calculation of interest, discounts or fees (as the case may be) for such Accommodation.

3. ADVANCES

3.1 Advances

(a) *Commitment.* Each Lender agrees (on a several basis with the other Lenders, up to the amount of such Lender's Commitment thereunder), on the terms and conditions herein set forth, from time to time on any Business Day, to make Advances under the Credit Facility prior to the cancellation or termination thereof.

(b) *Amounts.* The aggregate principal amount of each Borrowing shall comply with §2.1(d).

3.2 Making the Advances (except Swingline Advances)

(a) *Notice.* Each Borrowing shall be made on the Required Notice given not later than 1:00 p.m. (Toronto time) by the applicable Borrower to the Administrative Agent, and the Administrative Agent shall give to each applicable Lender prompt notice thereof and of such Lender's rateable portion of each type of Borrowing to be made under the Borrowing. Each such notice of a Borrowing shall be given by way of an Accommodation Request or by telephone (confirmed promptly in writing), with the same information as would be contained in an Accommodation Request, including the requested date of such Borrowing and the aggregate amount of each type of Borrowing comprising such Borrowing.

(b) *Lender Funding.* Each applicable Lender shall, before noon (Toronto time) on the date of the requested Borrowing, deposit to the account as designated by the Administrative Agent from time to time in same day funds such Lender's rateable portion (subject to §2.9) of each type of Borrowing comprising such Borrowing (in Canadian Dollars, in the case of Prime Rate Advances, and in US Dollars, in the case of LIBOR Advances, US Prime Rate Advances and US Base Rate Advances). Promptly upon receipt by the Administrative Agent of such funds and upon fulfilment of the applicable conditions set

forth in Article 6, the Administrative Agent will make such funds available to the applicable Borrower by debiting such account (or causing such account to be debited), and by crediting such account of that Borrower as shall be agreed with the Administrative Agent (or causing such account to be credited) with such Advances.

- (c) *Failure by Lender to Fund.* Unless the Administrative Agent shall have received notice from a Lender at least one Business Day prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's rateable portion of a type of Borrowing comprising such Borrowing, the Administrative Agent may assume that such Lender has made each such portion available to the Administrative Agent on the date of such Borrowing in accordance with §3.2(b) and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date corresponding amounts. If and to the extent that such Lender shall not have made its rateable portions available to the Administrative Agent, such Lender shall pay such corresponding amounts to the Administrative Agent forthwith on demand. If such Lender shall pay such corresponding amounts to the Administrative Agent, the amounts so paid shall constitute such Lender's rateable portions of such Borrowing for the purposes of this Agreement. The Administrative Agent shall also be entitled to recover from such Lender interest on such corresponding amounts, for each day from the date such amounts were made available by the Administrative Agent to the applicable Borrower until the date such amounts are repaid to the Administrative Agent, at the rate payable by that Borrower with respect to the affected type of Borrowing, together with the Administrative Agent's reasonable administrative fee. If such Lender shall not pay such corresponding amounts to the Administrative Agent forthwith on demand, the Borrowers shall pay such corresponding amounts (together with accrued and unpaid interest at the applicable rate herein set forth for the affected type of Borrowing) to the Administrative Agent within three Business Days of demand being made upon the Borrowers or either of them.
- (d) *Notice of Failure.* The Administrative Agent shall notify the applicable Borrower of the failure of any Lender to make an Advance if:
- (1) such failure has not been remedied within seven days; or
 - (2) the Administrative Agent reasonably believes that such failure was caused by any reason other than a technical failure or as a result of a defect in the arrangements hereunder for funding Advances.

The Administrative Agent shall not be liable to the Borrowers or any Lender in respect of notice given or not given pursuant to this §3.2(d). In the event of the continuing failure by any Lender (in this §3.2(d), the "**Defaulting Lender**") to make an Advance, the Borrowers shall, in consultation with the Administrative Agent, use reasonable best efforts to arrange for one or more other Persons (in this §3.2(d), the "**Assuming Lender**") reasonably satisfactory to the Borrowers and the Administrative Agent to assume all or a portion of the relevant Commitments and acquire the outstanding Accommodations and other rights and interests of the defaulting Lender hereunder. The Assuming Lender and Defaulting Lender shall execute all such documents as may be reasonably required by the Administrative Agent and the Borrowers to effect such assumption and acquisition.

3.3 Interest on Advances

The Borrowers shall pay interest on the unpaid principal amount of each Advance under the Credit Facility, at the following rates per annum:

- (a) *Prime Rate Advances.* If and so long as such Advance is a Prime Rate Advance, at a rate per annum equal at all times to the sum of the Prime Rate in effect from time to time plus the Applicable Margin, calculated on the daily principal amount outstanding under such Prime Rate Advance and payable in Cdn. Dollars in arrears:
 - (1) monthly on the first Business Day of each month; and
 - (2) when such Prime Rate Advance becomes due and payable in full.
- (b) *US Base Rate Advances.* If and so long as such Advance is a US Base Rate Advance, at a rate per annum equal at all times to the sum of the Base Rate in effect from time to time plus the Applicable Margin, calculated on the daily principal amount outstanding under such US Base Rate Advance and payable in US Dollars in arrears:
 - (1) monthly on the first Business Day of each month; and
 - (2) when such US Base Rate Advance becomes due and payable in full.
- (c) *LIBOR Advances.* If and so long as such Advance is a LIBOR Advance, at a rate per annum equal at all times during each Interest Period for such LIBOR Advance to the sum of LIBOR for such Interest Period plus the Applicable Margin, calculated on the daily principal amount outstanding under such LIBOR Advance and payable in US Dollars:
 - (1) at the end of each Interest Period (except where such Interest Period exceeds three months in duration, in which case such interest shall be payable on the dates falling every three months following the commencement of the Interest Period and, finally, at the end of such Interest Period); and
 - (2) when such LIBOR Advance becomes due and payable in full or is converted to a US Base Rate Advance.
- (d) *US Prime Rate Advances.* If and so long as such Advance is a US Prime Rate Advance, at a rate per annum equal at all times to the sum of the US Prime Rate in effect from time to time plus the Applicable Margin, calculated on the daily principal amount outstanding under such US Prime Rate Advance and payable in US Dollars in arrears:
 - (1) monthly on the first Business Day of each month; and
 - (2) when such US Prime Rate Advance becomes due and payable in full.

4. BANKERS' ACCEPTANCES

4.1 Acceptances

- (a) *Commitment.* Subject to §4.11, each Lender agrees (on a several basis with the other Lenders, up to the amount of such Lender's Commitment thereunder), on the terms and conditions herein set forth, from time to time on any Business Day, to accept and purchase Bankers' Acceptances made by WFP prior to the cancellation or termination thereof.
- (b) *Amounts.* Each Drawing shall be in an aggregate Face Amount not less than the minimum amount (or requisite multiple in excess thereof) set forth in §2.1(d) and shall consist of the creation by WFP of Bankers' Acceptances on the same day, effected or arranged by the Lenders in accordance with §4.4, rateably according to their respective Commitments (subject to §2.9).

4.2 Drawdown Request

- (a) *Notice.* Each Drawing shall be made on the Required Notice given not later than 1:00 p.m. (Toronto time) by WFP to the Administrative Agent and the Administrative Agent shall give to each applicable Lender prompt notice thereof and of such Lender's rateable portion thereof. Each such notice of a Drawing shall be given by way of an Accommodation Request or by telephone (confirmed promptly in writing) with the same information as would be contained in an Accommodation Request, including the requested Drawing Date and the Face Amount of the Drawing.
- (b) *Maturity.* WFP shall not request in an Accommodation Request a term for Bankers' Acceptances which would end on a date subsequent to the Maturity Date or that would conflict with any repayment stipulated in this Agreement.

4.3 Form of Bankers' Acceptances

- (a) *Form.* Each Bankers' Acceptance shall:
 - (1) be in a Face Amount allowing for conformity with §2.1(d);
 - (2) be dated the Drawing Date;
 - (3) mature and be payable by WFP (in common with all other Bankers' Acceptances created in connection with such Drawing) on a Business Day which occurs one, two, three or six months after the date thereof, subject to availability; and
 - (4) be in a form satisfactory to the relevant Lender.
- (b) *Grace.* WFP hereby waives presentment for payment and any other defence to payment of any amounts due in respect of any Bankers' Acceptance, and hereby renounces, and shall not claim, any days of grace for the payment of any Bankers' Acceptance.

4.4 Completion of Bankers' Acceptance

Upon receipt of the notice from the Administrative Agent pursuant to §4.2(a), each applicable Lender is thereupon authorized to execute Bankers' Acceptances as the duly authorized attorney of WFP pursuant to §4.8, in accordance with the particulars provided by the Administrative Agent.

4.5 BA Proceeds

Each applicable Lender shall, for same day value on the Drawing Date specified by WFP in the applicable Accommodation Request, credit the account as designated by the Administrative Agent from time to time with the applicable Discount Proceeds of the Bankers' Acceptances purchased by that Lender to the Administrative Agent for the account of WFP, less the stamping fee set forth in §4.6. Promptly upon receipt by the Administrative Agent of such funds and upon fulfilment of the applicable conditions set forth in Article 6, the Administrative Agent will make such funds available to WFP by debiting such account (or causing such account to be debited), and by crediting such account as shall be agreed with WFP (or causing such account to be credited) with such Discount Proceeds less such stamping fee. Each Lender may at any time and from time to time purchase, hold, sell, rediscount or otherwise dispose of any Bankers' Acceptance and no such dealing shall prejudice or impair WFP's obligations under §4.7.

4.6 Stamping Fee

WFP shall pay to the Administrative Agent in respect of each Drawing (for the account of the Lenders, *pro rata* on the basis of their respective Commitments, subject to §2.9) a stamping fee in Cdn. Dollars. Such stamping fee shall be payable by WFP in full on the Drawing Date, and shall be calculated on the Face Amount of such Bankers' Acceptances on the basis of the number of days in the term of such Bankers' Acceptances (including the Drawing Date but excluding the maturity date) at a rate per annum equal to the applicable percentage set forth in the definition of "Applicable Margin".

4.7 Payment at Maturity

WFP shall pay to the Administrative Agent, and there shall become due and payable, on the maturity date for each Bankers' Acceptance an amount in same day funds equal to the Face Amount of the Bankers' Acceptance. WFP shall make each payment hereunder in respect of Bankers' Acceptances by deposit of the required funds to the relevant Payment Account. Upon receipt of such payment, the Administrative Agent will promptly thereafter cause such payment to be distributed to the Lenders based on the Face Amount of Bankers' Acceptances accepted by each Lender. Such payment to the Administrative Agent shall satisfy WFP's obligations under a Bankers' Acceptance to which it relates and the accepting institution shall thereafter be solely responsible for the payment of such Bankers' Acceptance.

4.8 Power of Attorney Respecting Bankers' Acceptances

In order to facilitate issues of Bankers' Acceptances pursuant to this Agreement, WFP authorizes each applicable Lender, and for this purpose appoints each such Lender its lawful attorney, to complete, sign and endorse drafts issued in accordance with §4.4 on its behalf in handwritten or by facsimile or mechanical signature or otherwise and, once so completed, signed and endorsed, and following acceptance of them as Bankers' Acceptance under this Agreement, then purchase, discount or negotiate such Bankers' Acceptances in accordance with the provisions of this Article 4. Drafts so completed,

signed, endorsed and negotiated on behalf of WFP by any such Lender shall bind WFP as fully and effectively as if so performed by an authorized officer of WFP.

4.9 Prepayments

Except as required by §4.10, no payment of the Face Amount of a Bankers' Acceptance shall be made by WFP to a Lender prior to the maturity date thereof. Any such required payment made before the applicable maturity date shall be held by the Administrative Agent in a cash collateral account and invested in Cash Equivalents as security to provide for or to secure payment of the Face Amount of such outstanding Bankers' Acceptance upon maturity. Any such required payment made before the applicable maturity date by WFP to the Administrative Agent, to the extent of the amount thereof, shall satisfy WFP's obligations under the Bankers' Acceptance to which it relates as to a like amount. The accepting institution shall thereafter be solely responsible for the payment of the Bankers' Acceptance and shall indemnify and hold WFP harmless against any liabilities, costs or expenses incurred by WFP as a result of any failure by such Lender to pay the Bankers' Acceptance as to such like amount in accordance with its terms.

4.10 Default

Upon the occurrence of an Event of Default and the Administrative Agent declaring the Obligations to be due and payable pursuant to §11.2, and notwithstanding the date of maturity of any outstanding Bankers' Acceptances, an amount equal to the Face Amount of all outstanding Bankers' Acceptances which the Lenders are required to honour shall thereupon forthwith become due and payable by WFP to the Administrative Agent.

4.11 Non-Acceptance Lenders

The parties acknowledge that a Lender (a "**Non-Acceptance Lender**") may not be permitted by applicable Law to, or may not by virtue of customary market practices, stamp or accept commercial drafts. A Non-Acceptance Lender shall, in lieu of accepting and purchasing Bankers' Acceptances, make a BA Equivalent Loan. The amount of each BA Equivalent Loan shall be equal to the Discount Proceeds which would be realized from a hypothetical sale of those Bankers' Acceptances which that Non-Acceptance Lender would otherwise be required to accept and purchase as part of such Drawing. To determine the amount of those Discount Proceeds, the hypothetical sale shall be deemed to take place at the Discount Rate for that BA Equivalent Loan. Any BA Equivalent Loan shall be made on the relevant Drawing Date, and shall remain outstanding for the term of the relevant Bankers' Acceptances. Concurrently with the making of a BA Equivalent Loan, a Non-Acceptance Lender shall be entitled to deduct therefrom an amount equal to the stamping fee which that Lender would otherwise be entitled to receive pursuant to §4.6 as part of that BA Equivalent Loan if that BA Equivalent Loan was a Bankers' Acceptance, based on the amount of principal and interest payable on the maturity date of that BA Equivalent Loan. On the maturity date for the Bankers' Acceptances required by WFP, WFP shall pay to each Non-Acceptance Lender the Face Amount of such Lender's BA Equivalent Loan which such Lender would otherwise have been required to accept as part of such borrowing by way of Bankers' Acceptance. All references herein to "Bankers' Acceptances" shall, unless otherwise expressly provided herein or unless the context otherwise requires, be deemed to include BA Equivalent Loan made by a Non-Acceptance Lender as part of a borrowing by way of Bankers' Acceptances.

5. LETTERS OF CREDIT

5.1 Letters of Credit Commitment

- (a) *Issuance.* Subject to §5.2, each LC Lender will, on the terms and conditions set out in this Agreement and on a several basis with the other LC Lenders up to the amount of such LC Lender's Commitment, from time to time on any Business Day, issue Letters of Credit under the Credit Facility for the account of the relevant Borrower prior to the cancellation or termination of the Credit Facility, provided that the aggregate Face Amount of all such Letters of Credit under the Credit Facility outstanding at any one time shall not exceed \$25,000,000 or the Equivalent Amount in US Dollars.
- (b) *Principal Outstanding.* All Letters of Credit shall be issued by the Administrative Agent on behalf of the LC Lenders and, without limiting the generality of §13.1, the allocation of the Principal Outstanding among the LC Lenders shall be adjusted in the circumstances and in the manner contemplated by §13.1 in order to reflect the Issuance by the Administrative Agent.

5.2 Issuance

Subject to the terms and conditions set forth in this Agreement including §5.11, the Administrative Agent shall issue, on behalf of all LC Lenders, Letters of Credit for the account of the relevant Borrower at the request of the Borrower submitting an Accommodation Request for the issuance thereof. Each Letter of Credit shall contain substantially the provisions set out in Schedule 8, with any change to such provisions as the Administrative Agent shall determine in good faith and on a commercially reasonable basis does not materially increase the obligations, or diminish the rights, of any Lender relative to such form or as the Majority Lenders shall approve. Without the prior consent of each LC Lender, no Letter of Credit may be issued that would vary the several and not joint nature of the obligations of the LC Lenders thereunder as provided in the next sentence. Each Letter of Credit shall be issued by all of the LC Lenders as a single multi-lender letter of credit, but the obligation of each LC Lender thereunder shall be several and not joint, pro rata on the basis of such LC Lender's Commitment under the Credit Facility, as in effect on the Issue Date of such Letter of Credit and as adjusted from time to time thereafter.

5.3 Conditions of Issuance

The Administrative Agent and the LC Lenders shall be required to issue any Letter of Credit if on the Issue Date for such Letter of Credit the Administrative Agent determines that the following conditions have been satisfied:

- (a) the Administrative Agent shall have received an Accommodation Request that a Letter of Credit be issued and an application, satisfactory to the Administrative Agent, specifying (1) the proposed Issue Date, (2) the expiry date (which shall not be later than the date which is 364 days after the Issue Date), (3) the name and address of the beneficiary, (4) the Face Amount of such Letter of Credit and (5) the terms and conditions of the requested Letter of Credit and other relevant details; and
- (b) the Administrative Agent shall have received such other documents as it or any LC Lender, through the Administrative Agent, shall have reasonably requested as a condition

to the issuance of such Letter of Credit and which is required in the ordinary course in connection with such LC Lender's issuance of Letters of Credit.

5.4 Notice to LC Lenders

Promptly upon its receipt of an application for a Letter of Credit, the Administrative Agent shall notify each LC Lender thereof, which notice shall also specify each LC Lender's share of the Face Amount of such Letter of Credit. Upon its issuance of such Letter of Credit (or determination not to issue such Letter of Credit by reason of the failure to the conditions specified in §5.3 to be satisfied), the Administrative Agent shall give prompt notice thereof to the Borrowers and each LC Lender.

5.5 Power of Attorney for Execution of Letters of Credit

Each Letter of Credit shall be executed and delivered by the Administrative Agent in the name and on behalf of, and as attorney for, each LC Lender. The Administrative Agent shall act under each Letter of Credit as the agent of each LC Lender to (a) receive drafts, other demands for payment and other documents presented by the beneficiary under such Letter of Credit, (b) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Letter of Credit and (c) notify each LC Lender and the relevant Borrower that a valid drawing has been made and the date that the related disbursement is to be made. The Administrative Agent shall have no obligation or liability for any disbursement under any Letter of Credit (other than in its capacity as LC Lender), and each Letter of Credit shall expressly so provide. Each LC Lender hereby irrevocably appoints and designates the Administrative Agent as its attorney, acting through any duly authorized officer of the Administrative Agent, to execute and deliver in the name and on behalf of such LC Lender each Letter of Credit to be issued by that LC Lender hereunder. Promptly upon the request of the Administrative Agent, each LC Lender will furnish to the Administrative Agent such powers of attorney or other evidence as any beneficiary of any Letter of Credit may reasonably request in order to demonstrate that the Administrative Agent has the power to act as attorney for such LC Lender to execute and deliver such Letter of Credit (and the Administrative Agent agrees to provide promptly any such evidence to the requesting beneficiary). The Borrowers and the LC Lenders agree that each Letter of Credit shall provide that all drafts and other documents presented thereunder shall be delivered to the Administrative Agent and that all payments thereunder shall be made by the LC Lenders obligated thereon through the Administrative Agent. Each LC Lender shall be severally liable under each Letter of Credit in proportion to its share of the total Commitments on the Issue Date of such Letter of Credit and as adjusted from time to time thereafter, and each Letter of Credit shall specify the percentage of each LC Lender's share of the amount payable thereunder on the Issue Date of that Letter of Credit, which percentage shall be deemed to be automatically adjusted upon any change from time to time thereafter to the Commitments of any of the LC Lenders.

5.6 Administrative Agent's Records

The Administrative Agent shall maintain records showing the undrawn and unexpired amount of each Letter of Credit outstanding hereunder and each LC Lender's share in effect from time to time of such amount and showing for each Letter of Credit issued hereunder (i) the Issue Date and expiration date thereof, (ii) the Face Amount thereof, (iii) the date and amount of all payments made thereunder and (iv) each LC Lender's share in effect from time to time of the amount of each Letter of Credit issued

hereunder. The Administrative Agent shall make copies of such records available to the Borrowers or any LC Lender upon its request.

5.7 Extension of Letters of Credit

Not later than the date which is 45 days prior to the expiry date then in effect of any Letter of Credit (other than a letter of credit which by its terms provides for automatic renewal), the relevant Borrower may make a request to the Administrative Agent for an extension of up to twelve months of the expiry date of such Letter of Credit, which request shall be given effect to if the Borrowers are not then, and would not as a result of giving effect to such request be, in Default. The expiry date of a Letter of Credit shall not be extended unless the Administrative Agent shall have received such notice on or before such 45th day.

5.8 Reimbursement Obligations

The Borrowers agree to reimburse each LC Lender immediately for each disbursement made by such LC Lender under any Letter of Credit. The Borrowers shall make such reimbursement by paying to the Administrative Agent, for the account of such LC Lender, the full amount of each payment made by such LC Lender by way of an Accommodation either by way of a Prime Rate Advance (if the drawing under the Letter of Credit was in Canadian Dollars) or by way of a US Base Rate Advance (if the drawing under the Letter of Credit was in US Dollars).

5.9 Reimbursement Obligations Absolute

- (a) *Absolute Nature.* The Borrowers acknowledge and agree that the reimbursement obligations set out in §5.8 shall not be affected by, among other things, (i) any lack of validity or enforceability of any Letter of Credit, unless apparent on its face (ii) the validity or genuineness of documents or of any endorsements thereon, even though such documents may in fact prove to be invalid, fraudulent or forged, (iii) any dispute between a Borrower and any beneficiary of any Letter of Credit or any other Person to which such Letter of Credit may be transferred, (iv) any claims whatsoever of a Borrower against any beneficiary of such Letter of Credit or any such transferee, (v) payment under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit, (provided that such payment does not breach the standards of reasonable care specified in the Uniform Customs or disentitle any LC Lender to reimbursement under ISP 98, in each case as stated on its face to be applicable to the respective Letter of Credit) (vi) any Lien granted to, or in favour of, the Administrative Agent or any of the LC Lenders as security for any of such reimbursement obligations failing to be perfected or (viii) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this §5.9 constitute a legal or equitable discharge of the obligations of the relevant Borrower in respect of any Letter of Credit.
- (b) *Liability of Agent and Lenders.* Neither the Administrative Agent nor any LC Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit except, as to any such Person, for errors or omissions caused by such Person's gross negligence or wilful misconduct.

- (c) *Binding Nature.* The Borrowers agree that any action taken or omitted by the Administrative Agent or any LC Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or wilful misconduct, shall be binding on the Borrowers and shall not result in any liability of the Administrative Agent or any LC Lender to the Borrowers.
- (d) *Standards.* Without limiting the generality of the foregoing, the parties hereto agree that:
- (1) the Administrative Agent and each LC Lender may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit;
 - (2) the Administrative Agent shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit; and
 - (3) this §5.9(d), together with §5.10, shall establish the standard of care to be exercised by the Administrative Agent and each LC Lender when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the other parties to this Agreement waive, to the extent permitted by applicable Law, any standard of care inconsistent with the foregoing).
- (e) *Damages.* Notwithstanding anything to the contrary contained herein, neither the Administrative Agent nor any LC Lender shall be liable to the Borrowers for any consequential, indirect, punitive or exemplary damages with respect to action taken or omitted to be taken by it under any Letter of Credit.

5.10 Letter of Credit Payments

- (a) *Process.* The Borrowers and each LC Lender authorize the Administrative Agent to review on behalf of each LC Lender each draft and other document presented under each Letter of Credit. The determination of the Administrative Agent as to the conformity of any documents presented under a Letter of Credit to the requirements of such Letter of Credit shall, in the absence of the Administrative Agent's gross negligence or wilful misconduct (and subject to the Administrative Agent's compliance with §5.9(d)(1)), be conclusive and binding on the Borrowers and each LC Lender. The Administrative Agent shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under any Letter of Credit. The Administrative Agent shall promptly after such examination (i) notify each of the LC Lenders obligated under such Letter of Credit and the Borrowers by telephone (confirmed in writing) of such demand for payment and of each LC Lender's share of such payment, and (ii) notify each LC Lender and the Borrowers that said demand for payment was properly made under the relevant Letter of Credit. With respect to any drawing

determined by the Administrative Agent to have been properly made under a Letter of Credit, each LC Lender will make disbursement in respect of such Letter of Credit in accordance with its liability under such Letter of Credit and this Agreement, such disbursement to be made to such account of the Administrative Agent as shall have been most recently designated by it for such purpose by notice to the LC Lenders. The Administrative Agent will make any such disbursement available to the beneficiary of such Letter of Credit by promptly crediting the amounts so received, in like funds, to the account identified by such beneficiary in connection with such demand for payment. Promptly following any disbursement by any LC Lender in respect of any Letter of Credit, the Administrative Agent will notify the Borrowers of such disbursement. Any failure to give or delay in giving such notice shall not relieve WFP of its obligation to reimburse the LC Lenders with respect to any payment. The Administrative Agent shall not be required to make any payment under a Letter of Credit in excess of the amount received by it from the LC Lenders in respect of such Letter of Credit.

- (b) *Payments.* Unless the Administrative Agent shall have been notified by telephone and in writing by a LC Lender at least one Business Day prior to the date that a payment under a Letter of Credit is to be made by the Administrative Agent, that such LC Lender does not intend to make available to the Administrative Agent the amount of such LC Lender's share of such payment, the Administrative Agent may assume that such LC Lender has made or will make such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, pay such LC Lender's share of the payment to be made under such Letter of Credit. If such amount (the "**Unpaid Amount**") is not in fact made available to the Administrative Agent by such LC Lender, the Administrative Agent shall be entitled to retain for its own account any payment made by the relevant Borrower to or for the account of such LC Lender in respect of such Unpaid Amount and shall further be entitled to recover the balance of such Unpaid Amount from such LC Lender and the relevant Borrower. If such LC Lender does not pay such Unpaid Amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the relevant Borrower, and that Borrower, to the extent it has not theretofore done so, shall pay such amount to the Administrative Agent no later than one Business Day after such notice. The Administrative Agent shall also be entitled to recover from such LC Lender (or, if such LC Lender shall fail to pay such Unpaid Amount, from the relevant Borrower if and to the extent unpaid) interest on such corresponding amount in respect of each day from the date such amount was paid by the Administrative Agent under the Letter of Credit and until such amount is recovered by the Administrative Agent, at a rate per annum equal to, if paid by such LC Lender, the rate determined by the Administrative Agent (which shall be conclusive and binding on the LC Lender) in accordance with the Administrative Agent's usual banking practice for similar advances to financial institutions of like standing to that LC Lender, but, in any event, at a rate no greater than the usual interbank offered rate for the sale of deposits in the applicable currency. Upon payment by such LC Lender to the Administrative Agent of such amount and interest thereon, as aforesaid, such LC Lender shall be deemed to have paid its share of the payment made under the Letter of Credit. Nothing herein shall be deemed to relieve any LC Lender from its obligation to pay its share of all drawings made under any Letters of Credit issued on

its behalf or to prejudice any rights which the Borrowers or any beneficiary under any such Letter of Credit may have against any LC Lender as a result of any default by such LC Lender in making any payment which it is obligated to make under any such Letter of Credit.

5.11 Fronting Lender Structure

Notwithstanding the foregoing provisions of Article 5, where the relevant Borrower in good faith determines that the beneficiary of any proposed Letter of Credit will not accept a multi-lender letter of credit containing substantially the provisions set out in Schedule 8 and provides notice of such determination to the Administrative Agent, then, at the option of that Borrower, such Letter of Credit shall be issued on the following terms:

- (a) each of Royal and Wells will act as the fronting lender in respect of the issuance of Letters of Credit for the account of WFP and WFP US (each of Royal and Wells, or any substitute Lender selected by the Borrowers, a “**Fronting Lender**” and collectively, the **Fronting Lenders**”) and the Fronting Lender will issue in its name a Letter of Credit for the account of the relevant Borrower in the relevant Fronting Lender’s customary form and with such terms as are contemplated by the application for the issuance thereof;
- (b) while such Letter of Credit shall on its face be an obligation of the relevant Fronting Lender only, such Letter of Credit shall be issued on behalf of all of the LC Lenders and each LC Lender shall be obligated to reimburse the relevant Fronting Lender in respect of such Letter of Credit in proportion to its share of the total Commitments on the Issue Date of such Letter of Credit;
- (c) the provisions of §5.1, 5.3, 5.4, 5.8, 5.9 and 5.10(a) (as to the first three sentences thereof) shall be applicable to any such issuance, with references to the Administrative Agent being deemed to be references to the relevant Fronting Lender as appropriate;
- (d) the relevant Fronting Lender shall act under each such Letter of Credit as the agent of each LC Lender to (i) receive drafts, other demands for payment and other documents presented by the beneficiary under such Letter of Credit, and (ii) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Letter of Credit;
- (e) upon a demand for payment under any such Letter of Credit which the relevant Fronting Lender has determined has been properly made, the relevant Fronting Lender shall make a disbursement in respect of the amount demanded and make such amount available to the beneficiary. Promptly following any such disbursement, the relevant Fronting Lender shall notify the Administrative Agent and the Borrowers of such disbursement and the relevant Fronting Lender shall be entitled to immediate reimbursement thereof by the relevant Borrower in accordance with §5.8;
- (f) the relevant Fronting Lender shall provide such information in respect of any such Letters of Credit, including, advising the Administrative Agent on a quarterly basis as to the specifics of Letters of Credit issued by the relevant Fronting Lender, as is required to allow the Administrative Agent to comply with §5.6;

- (g) the relevant Fronting Lender shall in consideration of it acting as the fronting bank on such Letter of Credit, be entitled to a fronting fee (for its own account) of [Redacted] basis points, payable at the same time as the issue fee payable under §5.12;
- (h) each LC Lender agrees to indemnify the Fronting Lenders (to the extent not reimbursed by the Borrowers), rateably from and against any and all losses and claims of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Fronting Lenders in any way relating to or arising out of any issuance of a Letter of Credit; provided, that no LC Lender shall be liable for any portion of such losses and claims resulting from the Fronting Lenders' gross negligence or wilful misconduct,

and all other provisions of this Agreement applicable to Letters of Credit shall be applicable to any such issuance by the Fronting Lenders.

Notwithstanding the foregoing, each of TD, CIBC and Wells shall, for purposes of this §5.11, be deemed to be a Fronting Lender with respect to the Existing Letters of Credit which each of them have issued, respectively, and any subsequent increases, decreases and amendments thereto and each of them shall be bound by the terms of this §5.11 in respect of the Existing Letters of Credit.

5.12 Issue Fee

The Borrowers shall, on the third business day following the end of each Financial Quarter, and on the termination of the Commitments under the Credit Facility, pay to the Administrative Agent in relation to Letters of Credit issued under the Credit Facility, for the account of the LC Lenders, an issue fee in respect of each Letter of Credit outstanding during any portion of such Financial Quarter equal to that specified in the definition of "Applicable Margin" multiplied by an amount equal to the undrawn portion of the Face Amount of each such Letter of Credit, such fee to be determined for a period equal to the number of days during such Financial Quarter that each such Letter of Credit was outstanding.

The issue fees collected by the Administrative Agent shall be distributed among the LC Lenders in accordance with the percentages of their respective shares of the total Commitments under the Credit Facility as in effect from time to time. For greater certainty, if the Commitment of any of the LC Lenders is changed during a Financial Quarter, then such percentages of all LC Lenders shall be adjusted accordingly with respect to the portion of the issue fee that is accrued after the date the change to the Commitment(s) becomes effective.

5.13 Existing Letters of Credit

For the purposes of this Agreement all of the Existing Letters of Credit shall be deemed to be Letters of Credit issued by the issuing Lender as Fronting Lender for the account of the applicable Borrower.

6. CLOSING CONDITIONS

6.1 Conditions to Effectiveness

This Agreement shall not become effective unless the conditions precedent set forth in this §6.1 have been satisfied, fulfilled or otherwise met to the satisfaction of all Lenders or waived by them:

- (a) *Documents.* The Credit Facility Documents shall have been executed and delivered to the Administrative Agent and all registrations, filings and recordings necessary or desirable (as determined by the Administrative Agent) in connection with the Credit Facility Documents shall have been made and completed.
- (b) *Constitutional Documents.* The Administrative Agent shall have received certified copies of the constitutional documents of each of the Credit Parties.
- (c) *Officer's Certificates.* The Administrative Agent shall have received a certificate of a Senior Officer of each of the Credit Parties (the certificate in form and content satisfactory to counsel to the Lenders) providing or certifying, as the case may be, (i) the names of the officers and directors and specimen signatures of each of the individuals who sign on behalf of each Credit Party, as the case may be, the Credit Facility Documents to which each is a party; (ii) relevant factual matters relating to each of them.
- (d) *Resolutions.* The Administrative Agent shall have received certified copies of resolutions of the directors (or, where applicable, executive committees thereof) of each Credit Party authorizing the execution, delivery and performance of each Credit Facility Document to which it is a party, and, in the case of each Restricted Subsidiary, certified copies of resolutions of the directors of approving the transfers of shares in its Capital Stock pursuant to the pledge those shares included in the Security.
- (e) *Good Standing.* The Administrative Agent shall have received a certificate of good standing, valid existence or like certificate in respect of each of the Credit Parties available from appropriate government officials of its jurisdiction of formation.
- (f) *Representations and Warranties.* All of the representations and warranties contained herein or in any other Credit Facility Document shall be true and correct in all material respects on and as of the Closing Date as though made on and as of such date and the Administrative Agent shall have received certificates of a Senior Officer of each Credit Party so respectively certifying to the Lenders with regard to the Credit Facility Documents to which it is a party; and the Lenders shall not have become aware, after the date hereof, of any untrue statement of a material fact or an omission to state a material fact that is required to be stated where it is necessary to make a statement not misleading in the light of the circumstances in which it was made.
- (g) *No Default.* No Default or Event of Default shall have occurred and be continuing, and the Administrative Agent shall have received a certificate of a Senior Officer of each of the Borrowers so certifying to the Lenders.
- (h) *Financial Statements.* The Administrative Agent shall have received the most recent annual audited consolidated financial statements and quarterly unaudited consolidated financial statements of WFP.
- (i) *Compliance Certificate.* The Administrative Agent shall have received a Compliance Certificate.

- (j) *Financial Forecast.* The Administrative Agent shall have received the current four year consolidated financial forecast for the Credit Parties.
- (k) *Existing Credit Facilities.* The Administrative Agent shall have received evidence of the cancellation of the Existing Credit Facilities and the release and discharge of all security under or pursuant to the Existing Credit Facilities.
- (l) *Indebtedness.* The Administrative Agent shall have received a list of all Indebtedness of the Credit Parties in excess of an aggregate of \$5,000,000, in such form as the Administrative Agent may require, acting reasonably, which list will set out each of the agreements or instruments under which the Indebtedness is incurred, the respective lenders or holders of such Indebtedness, the original principal amount and the outstanding principal amount of such Indebtedness as of a reasonably current date.
- (m) *Material Adverse Change.* There shall not exist a Material Adverse Change.
- (n) *Fees.* The Administrative Agent and the Lenders shall have received payment of all applicable fees and all reimbursable expenses then due.
- (o) *Opinions.* The Administrative Agent shall have received an opinion of counsel to the Credit Parties addressed to the Administrative Agent and the Lenders in form satisfactory to it and shall have received the favourable opinion of Lenders' Counsel in form and substance satisfactory to the Administrative Agent with respect to the matters covered by the aforementioned opinion and such other matters as the Administrative Agent shall reasonably request.
- (p) *AML/KYC.* The Administrative Agent shall have received all necessary information for the Lenders to satisfy (i) their obligations and procedures under AML/KYC Legislation and (iii) other internal compliance requirements, requested by each Lender.
- (q) *Insurance.* The Administrative Agent shall have received certificates of insurance in respect of all insurance policies required by the Credit Facility Documents to be in effect, which shall name the Administrative Agent as loss payee or additional insured, as the case may be.
- (r) *Other.* The Lenders shall have received such supporting and other certificates, documentation and information as the Lenders may reasonably request.

6.2 General Conditions for Accommodations

In addition to the conditions precedent set out in §6.1, neither of the Borrowers shall be entitled to any Accommodations (other than by Conversion or Rollover) after the Closing Date unless and until the conditions precedent set forth in this §6.2 have been satisfied, fulfilled or otherwise met to the satisfaction of the Lenders or waived by them.

- (a) *Accommodation Request.* The Administrative Agent shall have received a duly executed Accommodation Request from the relevant Borrower providing the Required Notice.

- (b) *Representations and Warranties.* All of the representations and warranties contained herein or in any other Credit Facility Document shall be true and correct in all material respects on and as of such date as though made on and as of such date (unless expressly herein stated to be made as of the Closing Date or some other specified date) and the Administrative Agent shall if requested have received a certificate of an authorized officer of the Borrowers so certifying to the Lenders.
- (c) *No Default.* No Default or Event of Default shall have occurred and be continuing or would result from making such Accommodation and the Administrative Agent shall, if requested, have received a certificate of an authorized officer of the Borrowers so certifying to the Lenders.
- (d) *Material Adverse Change.* No Material Adverse Change shall exist.
- (e) *Other.* The Lenders shall have received such supporting and other certificates and documentation as the Lenders may reasonably request.

6.3 Conversions and Rollovers

The obligation of the Lenders to make any Accommodation by Conversion or Rollover under the Credit Facility shall be subject to the condition precedent that no Default or Event of Default shall have occurred and be continuing, and an authorized officer of the applicable Borrower shall so certify to the Lenders in the applicable Accommodation Request.

6.4 Deemed Representation

Each of the giving of any Notice and the acceptance or use by the applicable Borrower of the proceeds of any Accommodation shall be deemed to constitute a representation and warranty by the Borrowers that, on the date of such Notice and on the date of any Accommodation being provided and after giving effect thereto, the applicable conditions precedent set forth in this Article 6 shall have been satisfied, fulfilled or otherwise met.

6.5 Conditions Solely for the Benefit of the Lenders

All conditions precedent to the entitlement of the applicable Borrower to any Accommodations under the Credit Facility are solely for the benefit of the Lenders and the Administrative Agent, and no other Person shall have standing to require satisfaction or fulfillment of any condition precedent or that it be otherwise met and no other Person shall be deemed to be a beneficiary of any such condition, any and all of which may be freely waived in whole or in part by such Lenders at any time such Lenders deem it advisable to do so in their sole discretion.

6.6 No Waiver

The making of any Accommodations without one or more of the conditions precedent set forth in this Article 6 having been satisfied, fulfilled or otherwise met shall not constitute a waiver by the applicable Lenders of any such condition, unless the waiver is in writing, and such Lenders reserve the right to require that each such condition be satisfied, fulfilled or otherwise met prior to the making of any subsequent Accommodations.

7. REPRESENTATIONS AND WARRANTIES

Each of the Borrowers (i) represents and warrants to the Lenders, on its own behalf and on behalf of the other Borrower and the Restricted Subsidiaries, as set forth in this Article 7, (ii) acknowledges that the Lenders are relying thereon in entering into this Agreement and providing Accommodations from time to time, (iii) agrees that no investigation at any time made by or on behalf of the Lenders shall diminish in any respect whatsoever their right to rely thereon, and (iv) agrees that all representations and warranties shall be valid and effective as of the date when given or deemed to have been given and to such extent shall survive the execution and delivery of this Agreement and the provision of Accommodations from time to time.

7.1 Existence

Each of the Credit Parties is a Person duly incorporated or otherwise formed and is validly subsisting and in good standing (if applicable) or otherwise validly exists under the laws of its jurisdiction of formation, and is duly qualified to do business in all jurisdictions where its failure to be duly qualified to carry on business would reasonably be expected to result in a Material Adverse Change.

7.2 Corporate Authority

Each of the Credit Parties has full corporate right, power and authority to enter into, and perform its obligations under each Credit Facility Document to which it is or will be a party, and each of the Credit Parties has full corporate power and authority to own and operate its properties and to carry on its business as now conducted or as contemplated to be conducted.

7.3 Authorization, Governmental Approvals, etc.

The execution and delivery of this Agreement and each other Credit Facility Document to which each of the Credit Parties is or will be a party and the performance by it of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action on the part of such Credit Party, and no Governmental Approval under any applicable Law, and no registration, qualification, designation, declaration or filing with any Governmental Body having jurisdiction over it, is or was necessary therefor or to perfect the same or to preserve the benefit thereof to the Lenders except as has heretofore been effected or obtained.

7.4 Enforceability

This Agreement has been duly executed and delivered by each of the Borrowers and constitutes, and each other Credit Facility Document and each other document hereby or thereby contemplated to which each of the Credit Parties is or will be party (including by way of assignment) when executed by it will constitute, its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to such qualifications as may be set forth in the opinion of counsel to the Credit Parties delivered pursuant to §6.1(o).

7.5 No Breach

The execution and delivery by each of the Credit Parties of each Credit Facility Document and each other document hereby or thereby contemplated to which it is or will be a party (including by way of assignment) and the performance by it of its obligations hereunder and thereunder do not and will not:

- (a) conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (1) its constitutional documents;
 - (2) any Law applicable to it;
 - (3) any contractual restriction binding on or affecting it or its properties or assets; or
 - (4) any writ, judgment, injunction, determination or award which is binding on it; or
- (b) result in, or require or permit:
 - (1) the imposition of any Lien (other than Permitted Liens and Liens in favour of the Administrative Agent) on or with respect to any properties now owned or hereafter acquired by it; or
 - (2) the acceleration of the maturity of any of its Indebtedness under any contractual provision binding on it.

7.6 Litigation

Neither of the Borrowers is aware of any actions, suits or proceedings (whether or not purportedly on its behalf) pending or threatened against or affecting it or any Restricted Subsidiary before any Governmental Body which have a material likelihood of being determined adversely to it and would, if so adversely determined, reasonably be expected to be materially adverse.

7.7 Subsidiaries

Each of the Credit Parties owns on the date hereof, and will own on the Closing Date, legally and beneficially (directly or indirectly) the respective portions of the outstanding shares in the capital of the corporations shown as its Subsidiaries in Schedule 4 . Save as set forth in Schedule 4 or as may be set forth in an amendment to Schedule 4 provided to the Administrative Agent by the Borrowers in respect of an event occurring after the Closing Date, and save for statutory pre-emptive rights, no Person has any agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase of shares in the capital of any Restricted Subsidiary.

7.8 Environmental Matters

Except as otherwise disclosed in writing to the Administrative Agent under §9.1(n) in respect of an event occurring after the date hereof, each of the Credit Parties, including in respect of their respective operations and properties, are in compliance in all material respects with all Environmental Laws.

7.9 No Financial Default

No Credit Party is in default in any way which materially adversely affects its business under any guarantee, bond, debenture, note or other instrument evidencing any Indebtedness or under the terms of any instrument pursuant to which any of the foregoing has been issued or made and delivered, and to the knowledge of the relevant Borrower there exists no state of facts which, after notice or lapse of time or both or otherwise, would constitute such a default in any way which materially adversely affects the business of any Credit Party.

7.10 No Default

No Default or Event of Default has occurred which is continuing.

7.11 Compliance with Laws

Each of the Credit Parties is in material compliance with all Laws applicable to it or its operations or properties.

7.12 Governmental Approvals

Each of the Credit Parties possesses all material Governmental Approvals required to conduct properly its respective businesses.

7.13 Ownership of Assets

Each of the Credit Parties owns or has legally enforceable interests in all material assets and property (including patents, trademarks, trade names, knowhow and other intellectual property) necessary to the operation of its business, in each case free and clear of all Liens other than Permitted Liens.

7.14 Real Property

Schedule 10 fully and accurately lists all real property and interests therein owned by each Borrower and each Restricted Subsidiary.

7.15 Leases and Licenses

Each of the Credit Parties has all leases, licences, permits and consents as are essential for the due carrying on of its business in the manner in which its business is carried on and all such leases, licences, permits and consents are in full force and effect and no proceedings relating thereto are pending or known to any of the Credit Parties to be threatened in any way which materially adversely affects its business.

7.16 Timber Tenures

Schedule 11 fully and accurately lists all Timber Tenures held by each of the Credit Parties. Each Timber Tenure of each of the Credit Parties and each applicable plan and permit issued thereunder is in good standing and in full force and effect, without material default in, or material non-compliance with, any of the terms, provisions or conditions thereof and all rentals, stumpage, royalty and scale accounts and other taxes, assessments and costs arising which are due under such Timber Tenures are paid.

7.17 Tax Returns

Each of the Credit Parties has filed all Tax returns which are required to be filed by it and has paid all Taxes which have become due pursuant to such returns or pursuant to any assessment received by it, except any such Taxes which are being contested in good faith and by proper proceedings and for which adequate reserves have been maintained (and with respect to which no Liens except Permitted Liens have attached).

7.18 Financial Statements

The audited consolidated financial statements of WFP as of and for the period ended December 31, 2017, copies of which have been delivered to the Administrative Agent, were prepared in accordance with GAAP and present fairly, as at the dates thereof, the consolidated financial position of the Borrowers and the Restricted Subsidiaries.

7.19 Material Adverse Change

There does not exist and there has not occurred since December 31, 2017 any Material Adverse Change.

7.20 Margin Stock

Neither any Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

7.21 Intellectual Property

The use by any Credit Party of any material patent, trade mark, trade name, know how or other intellectual property does not infringe upon the rights of any Person in any material respect.

7.22 Insurance

Each of the Credit Parties has in place in full force and effect, with financially sound and reputable insurers, insurance with respect to its business and assets, in such amounts and against such liabilities, casualties, risks and contingencies existing from time to time as is customary for owners and operators of similar businesses and similar property in accordance with good industry practices.

7.23 Compliance with ERISA

- (a) *Operation of U.S. Plan.* Each of the Borrowers and each ERISA Affiliate has operated and administered each U.S. Plan in compliance with all applicable Laws except for such instances of non-compliance which are not material. Neither any Borrower nor any ERISA Affiliate has incurred any material liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by any Borrower or any ERISA Affiliate, or in the imposition of any material Lien on any of the rights, properties or assets of any Borrower or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(4)(29) or 412 of the Code;

- (b) *Plan Solvency.* The present value of the aggregate benefit liabilities under each of the U.S. Plans (other than U.S. Multiemployer Plans), determined as of the end of such U.S. Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such U.S. Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such U.S. Plan allocable to such benefit liabilities by more than Cdn. \$1,000,000 in the case of any single U.S. Plan and by more than Cdn. \$1,500,000 in the aggregate for all U.S. Plans. The term "**benefit liabilities**" has the meaning specified in section 4001 of ERISA and the terms "**current value**" and "**present value**" have the meanings specified in section 3 of ERISA.
- (c) *Withdrawal Liabilities.* Each of the Borrowers and its ERISA Affiliates have not incurred material withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of U.S. Multiemployer Plans.
- (d) *Post-Retirement Obligations.* The expected post-retirement benefit obligation for any U.S. Plan (determined as of the last day of WFP's most recently ended Financial Year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of each of the Borrowers and its Subsidiaries is not material.

7.24 Non-US Pension Plans

All Non-US Pension Plans have been established, operated, administered and maintained in material compliance with all Laws applicable thereto. All material premiums, contributions and any other amounts required by applicable Non-US Pension Plan documents or applicable Laws have been paid or accrued as required.

7.25 Labour Disputes

As at the Closing Date there exists no material labour dispute or material labour disruption with respect to the operations and businesses of any of the Credit Parties, and no such dispute or disruption is pending or threatened.

7.26 Disclosure

To the best of each Borrower's knowledge and having exercised reasonable best efforts, all information (in each case having regard to modifying or succeeding information) other than projections (including the information contained in the Information Documents, and collectively the "**Information**") that has been or will be made available to the Administrative Agent and the Lenders by or on behalf of the Borrowers is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made, and any projections that have been or will be made available to the Administrative Agent and the Lenders by or on behalf of the Borrowers have been or will be prepared in good faith based upon assumptions believed by the Borrowers to be reasonable at the time of the preparation of the projections.

7.27 Investment Company Act of 1940 (U.S.A.)

Neither any Borrower nor any of their respective Subsidiaries is, or is directly or indirectly controlled by or acting on behalf of any Person which is, an "investment company" as such term is defined in the *Investment Company Act of 1940* (U.S.A.), as amended.

7.28 Sanctions; Anti-Corruption Laws; Anti-Money Laundering/Anti-Terrorist Financing Laws

- (a) *Use of Proceeds.* No part of the proceeds of any Accommodation will be used, directly or, to the knowledge of the Borrowers or any Subsidiary after due inquiry, indirectly, to fund any operations in, finance any Investments or activities in, or make any payments to, a Sanctioned Person in any manner that would result in any violation by any person (including any Lender and the Administrative Agent) of (A) any Sanctions or (B) applicable regulations, rules and executive orders administered by any Sanctions Authority.
- (b) *Sanctioned Persons.* None of the Borrowers nor any of its Subsidiaries (A) is, or will become a Sanctioned Person or (B) knowingly, after due inquiry, engages or will engage in any dealings or transactions, or is or will be otherwise knowingly, after due inquiry, associated, with any Sanctioned Person that would result in any violation of (x) any Sanctions or (y) applicable regulations, rules and executive orders administered by any Sanctions Authority.
- (c) *Compliance with Sanctions.* To its knowledge, after due inquiry, each of the Borrowers and its Subsidiaries is, and has conducted its business, in compliance in all respects with all Sanctions and all applicable regulations, rules and executive orders administered by any Sanctions Authority.
- (d) *Compliance with AML Laws.* To its knowledge, after due inquiry, each of the Borrowers and its Subsidiaries is, and has conducted its business, in compliance in all material respects with all Anti-Money Laundering/ Anti-Terrorist Financing Laws.
- (e) *No Investigation.* Each of the Borrowers and its Subsidiaries, to the Borrower's knowledge after due inquiry, are not the subject of any investigation, inquiry or enforcement proceedings by any Governmental Body regarding any offense or alleged offense under any Anti-Corruption Laws or Anti-Money Laundering/ Anti-Terrorist Financing Laws in which there is a reasonable possibility of an adverse decision and, to the Borrower's knowledge after due inquiry, no such investigation, inquiry or proceeding is pending or has been threatened.
- (f) *Compliance with Anti-Corruption Laws.* Each of the Borrowers and its Subsidiaries, to the Borrower's knowledge, after due inquiry, is, and has conducted its business, in compliance in all material respects with all Anti-Corruption Laws. No part of the proceeds of any Accommodation has been used or will be used, directly or, to the knowledge of the Borrowers or any Subsidiary after due inquiry, indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in a governmental capacity, in order to obtain, retain

or direct business or obtain any improper advantage, in violation of any Anti-Corruption Laws.

7.29 Interest Act (Canada) Representations and Warranties

- (a) *Compliance.* This Agreement, and the constituent definitions herein and under the other Credit Facility Documents relating to interest and other amounts payable hereunder and thereunder, satisfies the requirements of section 4 of the *Interest Act (Canada)* to the extent that such section 4 of the *Interest Act (Canada)* applies to the expression, statement or calculation of any rate of interest or other rate per annum hereunder or under any other Credit Facility Document.
- (b) *Calculation.* Each of the Credit Parties are each able to calculate the yearly rate or percentage of interest payable under any Credit Facility Document based on the methodology set out herein and under the other Credit Facility Documents, and the constituent definitions herein and under the other Credit Facility Documents relating to interest and other amounts payable hereunder and thereunder.

8. SECURITY

8.1 Security

As continuing collateral security for the payment and performance of the Obligations, the Borrowers shall execute and deliver or cause to be executed and delivered to the Administrative Agent, in form and substance satisfactory to the Lenders, the following agreements, documents and instruments:

- (a) a joint and several guarantee in favour of the Administrative Agent executed by each Borrower with respect to the Obligations of the other Borrower and by each Restricted Subsidiary (other than WFP Japan) with respect to the Obligations of the Borrowers;
- (b) a joint and several general security agreement in favour of the Administrative Agent executed by each Borrower and Restricted Subsidiary (other than WFP Japan) existing under the laws of Canada or a province or territory thereof creating a first priority security interest (subject only to Permitted Liens) in all present and future personal, tangible and intangible property and assets of each Borrower and each such Restricted Subsidiary and including a floating charge on all real property and interests therein of each such Borrower and each such Restricted Subsidiary, but excluding all Specified Assets;
- (c) a joint and several general security agreement in favour of the Administrative Agent executed by each Borrower and Restricted Subsidiary (other than WFP Japan) existing under the laws of the United States of America or any state thereof, creating a first priority security interest (subject only to Permitted Liens) in all present and future personal, tangible and intangible property and assets of each Borrower and each Restricted Subsidiary, but excluding all Specified Assets;
- (d) a pledge of shares in favour of the Administrative Agent executed by WFP of all shares in the capital of each Restricted Subsidiary owned by it and by each Restricted Subsidiary of all shares in the capital of each of the other Restricted Subsidiaries owned by it; and

- (e) such other security, instruments or documents reasonably required by the Administrative Agent and the Lenders from time to time.

8.2 Registration

- (a) *Registration.* The Administrative Agent may, or upon the Administrative Agent's request, the Borrowers shall, in each case, at the Borrowers' expense, register, file or record the Security in all offices where such registration, filing or recording is necessary for the creation, perfection and preserving of the security applicable to it; provided that no registrations will be made in respect of real property or specific items of equipment or motor vehicles.
- (b) *Renewal.* The Administrative Agent may, at the Borrowers' expense, amend and renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect or to preserve the priority established by any prior registration, filing or recording thereof.

8.3 Continuing Security

Each item or part of the Security shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security or any other security now held or hereafter acquired by the Administrative Agent or the Lenders. No item or part of the Security shall be merged or be deemed to have been merged in or by this Agreement or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any security, instrument or agreement shall be independent of and not create a merger with any other right available to the Lenders or the Administrative Agent under any security, instruments or agreements held by them or at law or in equity.

8.4 Dealing with the Security

The Administrative Agent will hold and maintain the Security in accordance with the terms of this Agreement and, with the consent of all of the Lenders, may grant extensions of time or other indulgences take and give up securities (including the Security or any part or parts thereof), accept compositions, grant releases and discharges and otherwise deal with the Borrowers, the Restricted Subsidiaries and other parties and with security (including without limitation, the Security and each part thereof) as the Administrative Agent may see fit, without prejudice to or in any way limiting the liability of any Credit Party under this Agreement or the other Credit Facility Documents or under any of the Security or any other collateral security.

8.5 Effectiveness of Security

The Security and the security created by any other Credit Facility Document constituted or required to be created shall be effective, and the undertakings as to the Security herein or in any other Credit Facility Document shall be continuing, whether any Advances are then outstanding or any amounts thereby secured or any part thereof shall be owing before or after, or at the same time as, the creation of such Liens or before or after or upon the date of execution of any amendments to this Agreement.

8.6 Taking and Enforcement of the Security

Each of the Lenders hereby acknowledges that, to the extent permitted by applicable Law, the Security and the remedies provided hereunder and thereunder to the Lenders are for the benefit of the Administrative Agent and of the Lenders collectively and acting together and not severally, and further acknowledges that its rights hereunder and under the Security are to be exercised not severally but collectively by the Administrative Agent upon the decision of the Majority Lenders in respect of the Credit Facility; accordingly, notwithstanding any of the provisions contained herein or in the Security, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action with respect to the Obligations, including any declaration under §11.2 or any action under the Security in respect of the Obligations, but that any such action shall be taken only by the Administrative Agent with the prior written agreement of the Majority Lenders in respect of the Credit Facility.

8.7 Cash Collateral

To the extent that the Administrative Agent is from time to time in possession of cash collateral, it shall be entitled to invest the same and all proceeds thereof in Cash Equivalents, including Cash Equivalents issued by Royal.

8.8 Ranking and Release of Security with respect to Hedging Obligations

Any security granted by the Borrowers and the Restricted Subsidiaries to any Lender in connection with Hedging Obligations will rank *pari passu* with the Security, provided that if a Lender terminates its Commitment, and the Borrowers or the Restricted Subsidiaries either fully cash collateralize their obligations under the Hedging Obligations of such Lender, or provide a letter of credit for such obligations thereunder (as selected by the Borrowers or the Restricted Subsidiaries) or if the Borrowers or the Restricted Subsidiaries terminate any Hedging Obligations with a Lender prior to their maturity, and the Borrowers or the Restricted Subsidiaries pay all breakage fees and related costs arising as a result of such early termination, including, without limitation, all losses, damages and expenses which such Lender incurred or may incur as a result of such early termination, such Lender will release its security in connection with such terminated Hedging Obligations.

8.9 Security and Release of Security with respect to Cash Management and Banking Products

Any security granted by the Borrowers and the Restricted Subsidiaries to any Lender in connection with cash management arrangements and other banking products and services (collectively, the "Other Products") provided by such Lenders to the Borrowers and the Restricted Subsidiaries will rank *pari passu* with the Security, provided that if a Lender terminates its Commitment, and the Borrowers or the Restricted Subsidiaries either fully cash collateralize their obligations under the Other Products to such Lender, or provide a letter of credit for such obligations thereunder (as selected by the Borrowers or the Restricted Subsidiaries) or if the Borrowers or the Restricted Subsidiaries terminate any Other Products with a Lender, and the Borrowers or the Restricted Subsidiaries pay all breakage fees and related costs, arising as a result of such termination, including, without limitation, all losses, damages and expenses which such Lender incurred or may incur as a result of such termination, such Lender will release its security in connection with such terminated Other Products.

8.10 Release of Restricted Subsidiaries

Upon the completion of the sale of the shares of a Restricted Subsidiary as permitted by this Agreement, that Restricted Subsidiary (and any Restricted Subsidiary which is Subsidiary thereof) will be released from all obligations under the Security and:

- (a) the Administrative Agent and the Lenders will execute and deliver to that Restricted Subsidiary all such documents and instruments as may reasonably be required in order to acknowledge and confirm that release; and
- (b) the other Restricted Subsidiaries will execute and deliver to the Administrative Agent all such documents and instruments as the Administrative Agent and the Lenders may reasonably require in order to acknowledge and confirm the ongoing validity and enforceability of the Security,

provided that:

- (c) so long as WFP is a Borrower, WFP US will not be released from its obligations under the applicable Security;
- (d) so long as WFP US is a Borrower, WFP will not be released from its obligations under the applicable Security; and
- (e) there would continue to be compliance with the Group Coverage Test immediately after the said release.

8.11 Release of Security

Upon full payment and performance of the Obligations and termination of this Agreement pursuant to §13.16, and forthwith upon the request of the Borrowers and the expense of the Borrowers, the Administrative Agent on its own behalf and on behalf of the Lenders shall provide executed unconditional releases and discharges of the Security and the Credit Facility Documents in registrable form.

8.12 Lenders to Grant Releases and Priority

The Lenders agree that they will, at the request and expense of the Borrowers, execute and deliver to the Borrowers all such discharges, releases or acknowledgements as may be requested from time to time by the Borrowers to release and discharge any charge or security interest in and upon any assets of the Borrowers if sold or otherwise disposed of by the Borrowers as permitted under §9.2 (d) or §9.2 (g) of this Agreement.

8.13 Further Assurances

The Borrowers shall, forthwith and from time to time upon the reasonable request from the Administrative Agent, or the Lenders, execute or cause to be executed, all such agreements, documents and instruments (including any amendment, supplement, extension or other modification to, or restatement or novation of, any Security) and do or cause to be done all such other matters and things which in the reasonable opinion of the Administrative Agent, the Lenders or the Lender's Counsel may be necessary or of material advantage to give the Administrative Agent (so far as may be possible under any Applicable

Law) the Liens and the priority intended to be created by the Security or to facilitate, in any material respect, realization under such Liens.

9. COVENANTS

9.1 Affirmative Covenants

Until the Obligations are paid and satisfied in full and this Agreement is terminated pursuant to §13.16, and in addition to any other covenants herein set forth, each of the Borrowers covenants on its own behalf and on behalf of the other Borrower and the Restricted Subsidiaries as set forth in this §9.1.

- (a) *Pay Obligations to Lenders.* It will duly and punctually pay or cause to be paid all amounts required to be paid by it to the Lenders pursuant to this Agreement, including principal, interest, fees and any other amounts at all the times and places in the manner set forth in this Agreement.
- (b) *Perform Covenants.* It will duly observe and perform, and it will cause each Restricted Subsidiary to duly observe and perform, each and all of the covenants and agreements required by it to be performed and observed as set forth in the Credit Facility Documents to which each is a party.
- (c) *Corporate Existence.* It will, and it will cause each of the Restricted Subsidiaries to, do all things necessary (i) to maintain its corporate existence, and (ii) to carry out its businesses in a proper and efficient manner in like manner as a prudent operator of similar businesses, including obtaining and maintaining in full force and effect all material Governmental Approvals required for the conduct of its businesses.
- (d) *Change of Name or Jurisdiction.* The Borrowers shall promptly advise the Administrative Agent in writing of any change of corporate name, shareholdings (other than shares in the capital of WFP except in the case of a Change of Control) and jurisdiction of domicile of any Restricted Subsidiary, and promptly provide to the Administrative Agent copies of any amendments to its or any Restricted Subsidiary's constitutional documents.
- (e) *Compliance with Laws, etc.* It will, and it will cause each of the Restricted Subsidiaries to, comply in all material respects with all applicable Laws (including Environmental Laws) and Governmental Approvals and do all things necessary to obtain, promptly renew and maintain in good standing from time to time all Governmental Approvals and duly observe all valid requirements of any Governmental Body (including those requirements respecting the protection of the environment, Release of Hazardous Substances, and occupational health and safety),
- (f) *Payment of Taxes and Claims.* It will, and it will cause each of the Restricted Subsidiaries to, file as and when required by applicable Law all Tax returns and pay and discharge before the same shall become delinquent (i) all Taxes imposed upon it or upon its property, and (ii) all lawful claims (including claims for labour, materials, supplies or services) which, if unpaid, might become a Lien upon its property except in each case any such Tax or claim which is being contested in good faith and by proper proceedings

and for which adequate reserves have been maintained as required by and in accordance with GAAP and no Liens (except Permitted Liens) have attached.

- (g) *Insurance.* It will, and it will cause each of the Restricted Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to each of their respective businesses and assets, in such amounts and against such liabilities, casualties, risks and contingencies existing from time to time as is customary for owners and operators of similar businesses and similar property in accordance with good industry practices, including, without limitation, inventory and business interruption insurance, that it will, and will cause each of the Restricted Subsidiaries to, forthwith notify the Administrative Agent upon the occurrence of any significant loss and that it will, and will cause each of the Restricted Subsidiaries to pay all premiums and other amounts required to keep such insurance in full force and effect, with the Administrative Agent named as first loss payee or additional insured, as the case may be.
- (h) *Keeping of Books.* It will, and it will cause each of the Restricted Subsidiaries to, keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and its assets and business in accordance with GAAP.
- (i) *Maintain Assets.* It will, and it will cause each of the Restricted Subsidiaries to, maintain, preserve, protect and keep its properties and assets which are essential to the ongoing operation of the businesses carried on by it in reasonable repair, working order and condition, and make necessary and proper repairs, renewals and replacements so that such businesses may be properly conducted at all times, unless it determines in good faith that the continued maintenance of such properties is no longer economically desirable.
- (j) *Leases/Licenses/Intellectual Property.* It will, and it will cause each of the Restricted Subsidiaries to, maintain in full force and effect all leases, licences, permits, consents and regulatory approvals and all intellectual property necessary for the due carrying on of their respective businesses.
- (k) *Timber Tenures.* It will, and it will cause each of the Restricted Subsidiaries to, maintain in good standing and will not be in material breach of any of the terms or conditions of any of its Timber Tenures and will forthwith upon receipt thereof, deliver to the Administrative Agent a copy of any notice from the Minister of Forests cancelling or suspending or purporting to cancel or suspend, or to reduce or materially impair its rights pursuant to any of its Timber Tenures.
- (l) *Use of Proceeds.* It will use the proceeds of all Accommodations made available to it only for the purposes set forth in §2.1(b).
- (m) *Financial and Other Reporting.* It will deliver to the Administrative Agent:
 - (1) within 120 days after the end of each Financial Year, a copy of the annual audited consolidated financial statements of WFP and a copy of the annual unaudited consolidated financial statements of WFP US, all prepared in accordance with GAAP;

- (2) within 60 days after the end of the first three Financial Quarters of the Financial Year, a copy of the unaudited consolidated financial statements of WFP, prepared in accordance with GAAP, signed by a Senior Officer of WFP;
- (3) with each of the financial statements in (1) and (2) above, a Compliance Certificate signed by a Senior Officer of WFP for and on behalf of the Borrowers;
- (4) within 60 days after the end of each Financial Year, a Borrower prepared four year financial forecast (current Financial Year and ensuing three Financial Years) for the Borrowers and the Restricted Subsidiaries;
- (5) within 60 days after the end of each Financial Year, a copy of WFP's capital expenditure plan for the ensuing Financial Year;
- (6) if there are any Hedge Instruments outstanding, within 60 days after the end of each Financial Quarter, a list of such Hedge Instruments with particulars thereof satisfactory to the Administrative Agent, which list shall include the Mark to Market Amount as at the date of the close of the Financial Quarter, listed by contract with reference to the counter party institution;
- (7) from time to time, upon request by the Administrative Agent, a certificate from a Senior Officer of each Borrower as to whether or not a Default or Event of Default has occurred and is continuing, as to whether there has occurred a Material Adverse Change, and such other information as the Administrative Agent acting on behalf of the Lenders may reasonably request from time to time; and
- (8) such information, reports and documents as the Administrative Agent may reasonably request.

Each of the Borrowers will, with respect to the financial statements, certificates and other documents required to be delivered under this §9.1(m) concurrently with delivery to the Administrative Agent either deliver to the Administrative Agent sufficient copies for distribution by the Administrative Agent to the applicable Lenders, or send to the Administrative Agent complete electronic versions for transmittal by the Administrative Agent to the applicable Lenders, provided that the Administrative Agent receives an original of each Compliance Certificate.

- (n) *Notice of Certain Events.* Each of the Borrowers will promptly notify the Administrative Agent in writing of:
- (1) any Default or Event of Default;
 - (2) any default, or any event, condition or occurrence which with notice or lapse of time, or both, would constitute a default under any agreement regarding any Indebtedness of a Borrower or any Restricted Subsidiary in excess of \$10,000,000 (or the Equivalent Amount in other currencies);

- (3) any notice of any action by any Governmental Body or any action, suit, proceeding or investigation (or any basis therefor) pending, or to the best of its knowledge threatened, against or affecting a Borrower or any Restricted Subsidiary before any Governmental Body that has resulted in or would reasonably be expected to result in a Material Adverse Change;
 - (4) any other Material Adverse Change;
 - (5) any change in what Subsidiaries are determined to be Restricted Subsidiaries;
 - (6) any material labour dispute occurring or threatened in the business of a Borrower or a Restricted Subsidiary; and
 - (7) any cancellation of, or material amendment to, any of the Timber Tenures;
- (o) *Visitation, Inspection, etc.* It will, and it will cause each Restricted Subsidiary to, permit the Lenders and their respective representatives and consultants to visit and inspect any of its assets, at the Lenders' cost and upon not less than 48 hours' notice, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with its officers or its independent auditors (in the presence of its personnel), all at such reasonable times and as often as the Lenders may reasonably request through the Administrative Agent.
 - (p) *Environmental Matters.* It will, and it will cause each Restricted Subsidiary to, use and operate all of its facilities and properties in material compliance with all, and in a manner which would not result in material liability under any, Environmental Laws, and keep all necessary Governmental Approvals relating to environmental matters in effect and remain in material compliance therewith.
 - (q) *Environmental Indemnity.* It will indemnify and hold harmless the Administrative Agent and Lenders and their respective directors, officers, employees, agents and representatives from and against any and all third party liabilities, claims, demands, actions and causes of action, fines and other penal or administrative sanctions suffered by the indemnitees arising directly or indirectly out of any breach of any Environmental Law, or any environmental hazards existing, or any environmental pollution occurring, at any time relating to its assets or properties or those of any of the Restricted Subsidiaries.
 - (r) *Share Ownership.* WFP will maintain its direct or indirect legal and beneficial ownership of 100% of the outstanding shares in the Capital Stock of each of the Restricted Subsidiaries.
 - (s) *Rateable Security.* If, notwithstanding the prohibition contained in §9.2(a), any Borrower or any Restricted Subsidiary creates, assumes or permits to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Permitted Liens, it will make or cause to be made effective provision whereby the Obligations will be secured equally and rateably with any and all other obligations thereby secured, such security to be pursuant to agreements reasonably satisfactory to the Majority Lenders and shall be accompanied by an opinion from counsel (selected by WFP and reasonably

satisfactory to the Majority Lenders) to the effect that the Lenders are so secured, and, in any such case, the Obligations shall have the benefit, to the fullest extent that, and with such priority as, the Lenders may be entitled under applicable Law, of an equitable Lien on such property. Such violation of §9.2(a) will constitute an Event of Default, whether or not provision is made for an equal and rateable Lien pursuant to this §9.1(s).

- (t) *Group Coverage Test.* Each of the Borrowers will ensure that, at all times the Borrowers and the Restricted Subsidiaries collectively account for not less than:
- (1) 70% of the consolidated EBITDA of WFP, excluding EBITDA generated by or attributable to Specified Assets; and
 - (2) 80% the assets of WFP on a consolidated basis as publicly reported in the consolidated financial statements of WFP, excluding the book value of Specified Assets,
- (collectively, the “**Group Coverage Test**”);
- (u) *Financial Tests.* The Borrowers and the Restricted Subsidiaries shall maintain:
- (1) at all times Consolidated Net Worth greater than Adjusted Consolidated Net Worth;
 - (2) at all times a Consolidated Total Debt to Total Capitalization Ratio of less than 50%; and
 - (3) at all times when the Consolidated Total Debt to Total Capitalization Ratio is greater than 42.5%, an EBITDA Interest Coverage Ratio of not less than 2.0 to 1.0, calculated on a trailing 12 month basis;
- (v) *Pensions.* It will, and will cause each Restricted Subsidiary to, promptly and in any event within five days after becoming aware of any of the following, deliver a written notice to the Administrative Agent setting forth the nature thereof and the action, if any, that a Borrower or a Subsidiary proposes to take with respect thereto:
- (1) with respect to any employee benefit plan to which ERISA applies (each a “**Plan**”), any reportable event, as defined in Section 4043(c) of ERISA and the regulations thereunder, for which the notice requirement of Section 4043 of ERISA has not been waived;
 - (2) the taking by the Pension Benefit Guarantee Corporation (the “**PBGC**”) of steps to institute, or the threatening by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by a Borrower or any Subsidiary of a notice from a multiemployer Plan that such action has been taken by the PBGC with respect to such multiemployer Plan;

- (3) any event, transaction or condition that could result in the incurrence of any liability by a Borrower or any Subsidiary pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of a Borrower or any Subsidiary pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a material adverse effect on the financial condition of WFP and its Subsidiaries, taken as a whole; or
 - (4) receipt of notice of the imposition of a material financial penalty (which for this purpose shall mean any material tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more non-U.S. Plans.
- (w) *Further Assurances.* It will, and it will cause each Restricted Subsidiary to, at its cost and expense, upon the reasonable request of the Administrative Agent, duly execute and deliver, or cause to be duly executed and delivered, to the Administrative Agent such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Administrative Agent to carry out more effectually the provisions and purposes of this Agreement and the other Credit Facility Documents; and
- (x) *Anti-Money Laundering/Anti-Terrorist Financing Laws; Sanctions; Anti-Corruption Laws Representations Continue to be True.* It will, and it will cause each Restricted Subsidiary to, conduct their respective business operations such that, and have policies and procedures in place which are designed to ensure that, the representations and warranties in §7.28 are true and correct at all times that this Agreement is in effect.

9.2 Negative Covenants

Until the Obligations are paid and satisfied in full and this Agreement is terminated pursuant to §13.16, and in addition to any other covenants herein set forth, each of the Borrowers covenants and agrees on its own behalf, and on behalf of the other Borrower and the Restricted Subsidiaries, that it will not take any of the actions set forth in this §9.2 or permit or suffer same to occur without the prior written consent of the Lenders pursuant to §13.2.

- (a) *Negative Pledge.* Except for Permitted Liens, neither it nor any Restricted Subsidiary will create, incur or otherwise permit to exist any Lien on any of its assets, including, without limitation any real property or interest in real property owned or otherwise held by it.
- (b) *Merger, etc.* Except for Permitted Mergers, neither it nor any Restricted Subsidiary will merge, consolidate or amalgamate with or into any other Person.
- (c) *Indebtedness.* Neither it nor any Restricted Subsidiary will create, incur or assume any Indebtedness except:
 - (1) normal day-to-day trade credit arrangements and operating leases;

- (2) Borrowings pursuant to this Agreement;
 - (3) Capital Lease Obligations of the Borrowers and Restricted Subsidiaries not exceeding at any time \$25,000,000 in aggregate;
 - (4) Indebtedness of WFP US or a US Restricted Subsidiary to a U.S. lender, not exceeding at any time (x) US\$50,000,000 in outstanding principal amount, provided such Indebtedness ranks pari passu with the Obligations or (y) US\$25,000,000 in outstanding principal amount, provided that such Indebtedness is secured only by the inventory and accounts receivable of WFP US or the US Restricted Subsidiary, and the proceeds thereof and such security ranks in priority to the Obligations in accordance with an interlender agreement in form and content satisfactory to the Lenders; and
 - (5) other unsecured Indebtedness of the Borrowers and Restricted Subsidiaries not exceeding at any time \$25,000,000 in aggregate outstanding principal amount.
- (d) *Investments.* Neither it, nor any Restricted Subsidiary, will make any Investment other than:
- (1) Permitted Investments; and
 - (2) Investments of the nature described in sub-paragraphs (c) and (d) of the definition of Permitted Investments which exceed the amounts permitted by those sub-paragraphs, provided that any such excess shall not be a Default and the amount of such excess shall be deducted in the calculation of Consolidated Net Worth as required by the definition of Consolidated Net Worth.
- (e) *Restricted Payments.* Neither it, nor any Restricted Subsidiary, will make any Restricted Payment unless, immediately after any such Restricted Payment shall have been made:
- (1) no Default or Event of Default exists; and
 - (2) the aggregate of Restricted Payments paid or incurred from and including January 1, 2017 shall not exceed \$125,000,000 plus:
 - (A) 50% of cumulative positive Consolidated Net Income (minus 100% if a deficit) from and including January 1, 2017 provided that the amount of this §(A) shall not be less than zero;
 - (B) the amount of net after-tax proceeds from the sale of any Specified Assets, only to the extent such amounts are not already included in §(A);
 - (C) the amount of net proceeds from the issue of any shares, warrants or like equity offerings by WFP; and
 - (D) the amount of any reduction of Indebtedness of WFP resulting from a conversion of such indebtedness to shares (other than redeemable shares) of WFP.

- (f) *Guarantees and Other Contingent Obligations.* Except for Permitted Guarantees, neither it nor any Restricted Subsidiary will, make or permit the existence of any Guarantee or other Contingent Obligation (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection).
- (g) *Dispositions.* Neither it, nor any Restricted Subsidiary will, sell (including by way of Sale-Leaseback), alienate, lease or otherwise dispose of or part with possession (each a “**Disposition**”) of any of its property or assets except for:
- (1) Dispositions of inventory or current assets in the ordinary course of business;
 - (2) Dispositions between WFP and any Restricted Subsidiary;
 - (3) Dispositions of worn out or obsolete assets;
 - (4) Dispositions of assets in exchange for assets of a similar nature to be used in the business of a Borrower or a Restricted Subsidiary;
 - (5) Dispositions of Specified Assets, including, without limitation, to an Alternative Investment Structure in which a Borrower or a Subsidiary is a participant;
 - (6) Dispositions of assets not otherwise included in paragraphs (1) to (5) above, to the extent that the aggregate net proceeds of such Dispositions do not exceed (x) 5% of the aggregate value of the consolidated assets of WFP in any Financial Year, (y) 15% of the aggregate value of the consolidated assets of WFP prior to the Original Maturity Date and (z) after the Original Maturity Date, 15% of the aggregate value of the consolidated assets of WFP, calculated on a trailing four year basis,

provided that if at the time of any proposed Disposition:

- (7) the Consolidated Total Debt to EBITDA Ratio is greater than 3.0:1.0; and
- (8) the sum of:
 - (A) the aggregate proceeds of Dispositions during the prior 12 month period; and
 - (B) the proceeds of such proposed Disposition,is greater than \$20,000,000 during the 12 month period prior to that proposed Disposition,

the relevant Borrower or Restricted Subsidiary will either reinvest the proceeds of that Disposition that are in excess of the amount permitted hereunder in its business within 365 days of such Disposition or use those proceeds to repay the Obligations. For greater certainty, Dispositions of shares in the capital of WFP US to any Person that is not a Restricted Subsidiary are prohibited under this Agreement.

- (h) *Use of Proceeds.* Neither it, nor any Restricted Subsidiary will, directly or indirectly utilize Borrowings to finance a Hostile Acquisition.
- (i) *Hedge Instruments.* Neither it, nor any Restricted Subsidiary will, enter into any Hedge Instruments for speculative purposes.
- (j) *Timber Tenures, Leases and Licences.* Except as part of any Alternative Investment Structures, neither it, nor any Restricted Subsidiary will, voluntarily terminate or amend in any material way any of the Timber Tenures or any material lease or material license held by it.
- (k) *Non-Arm's Length Transactions.* Neither it, nor any Restricted Subsidiary will, enter into any contract, agreement or transaction whatsoever, including, for the sale, purchase, lease or other dealing in any material property other than at a consideration which equals the fair market value of such property or other than at a fair market value rental as regards leased property except in respect of transactions between or among the Borrowers and/or one or more of its Wholly-Owned Subsidiaries.
- (l) *Sale and Leasebacks.* Neither it, nor any Restricted Subsidiary will, enter into any Sale-Leasebacks.

9.3 Administrative Agent May Perform Covenants

If any of the Borrowers or any Restricted Subsidiary shall fail to perform or observe any covenant on its part contained herein or in any other Credit Facility Document, the Administrative Agent, in its sole discretion acting reasonably, may, or the Administrative Agent, upon the instructions of the Majority Lenders, shall, in either case subject to it having been indemnified to its satisfaction, perform (or cause to be performed), any of the said covenants capable of being performed by the Administrative Agent and, if any such covenant requires the payment or expenditure of money, the Administrative Agent may make such payment or expenditures with its own funds or with money borrowed for that purpose (but the Administrative Agent shall be under no obligation to do so); provided that the Administrative Agent shall first have provided written notice of its intention to the Borrowers and a reasonable opportunity (not to exceed 20 Business Days, or such longer period as the Lenders shall approve) to cure the failure. All amounts paid by the Administrative Agent pursuant to this §9.3 shall be repaid by the Borrowers to the Administrative Agent on demand therefor and shall form part of the Obligations. No payment or performance under this §9.3 shall relieve the Borrowers from any Event of Default.

9.4 Addition of Restricted Subsidiary

WFP may at any time and from time to time, in order to comply with §9.1(t), notify the Administrative Agent that it wishes to designate any one or more of its Wholly-Owned Subsidiaries as Restricted Subsidiaries, which designation shall be effective upon written acknowledgement by the Administrative Agent that it has received:

- (a) a Compliance Certificate as at the end of the most recent Financial Quarter, re-stated so as to include such new Restricted Subsidiary;

- (b) confirmation from WFP that no Default or Event of Default shall have occurred and be continuing or would result from the designation of such new Restricted Subsidiary and the Administrative Agent shall, if requested, have received a certificate of a Senior Officer so certifying to the Administrative Agent;
- (c) the documents referred to in §6.1 for such new Restricted Subsidiary,
- (d) an unconditional guarantee in favour of the Administrative Agent (or an accession to any one or more of the then existing guarantees forming part of the Security) by such new Restricted Subsidiary of the Obligations of the Borrowers;
- (e) a general security agreement in favour of the Administrative Agent executed by such Restricted Subsidiary creating a first priority security interest (subject only to Permitted Liens) in all present and future personal, tangible and intangible property and assets of such new Restricted Subsidiary;
- (f) a pledge of shares in favour of the Administrative Agent executed by WFP or the Restricted Subsidiary which is the owner of those shares with respect to shares in the capital of such new Restricted Subsidiary;
- (g) the opinion referred to in §6.1(b) for such new Restricted Subsidiary.

10. CHANGES IN CIRCUMSTANCES

10.1 Illegality

If the enactment of any applicable Law, or any change therein or in the interpretation or application thereof by any Governmental Body or compliance by a Lender with any guideline, official directive, request or direction (whether or not having the force of Law) of any Governmental Body, hereafter makes it unlawful or impossible for a Lender to make, fund or maintain any type of Accommodation or to give effect to its obligations in respect of such type of Accommodation, such Lender may, by written notice thereof to the Borrowers and to the Administrative Agent, declare its obligations under this Agreement in respect of such type of Accommodation to be terminated, whereupon the same shall forthwith terminate, and the Borrowers shall within the time required by such Law (or at the end of such longer period as such Lender at its discretion has agreed) repay or effect a Conversion of the Principal Outstanding in respect of such type of Accommodation from such Lender (without reducing or prepaying the Commitment(s) of any other Lender(s)), and shall pay all accrued interest and fees payable hereunder and all Increased Costs incurred in connection with the termination or Conversion of such type of Accommodation.

In the foregoing circumstances, the Borrowers, in consultation with the Administrative Agent and the affected Lender, may arrange for one or more other Persons (in this §10.1, the “**Assuming Lender**”) reasonably satisfactory to the Borrowers, the Administrative Agent, the Fronting Lenders and the Swingline Lenders to assume all or a portion of the relevant Commitments and acquire the outstanding Accommodations and other rights and interests of the affected Lender hereunder. The Assuming Lender and affected Lender shall execute all such documents as may be reasonably required by the Borrowers and the Administrative Agent to effect such assumption and acquisition.

10.2 Circumstances Requiring Different Pricing

If, on or before any date on which an interest rate is to be determined on the basis of LIBOR, either:

- (a) the Administrative Agent determines that due to the conditions generally applicable to the London inter-bank market, it will not be possible to determine LIBOR for the applicable Interest Period or in the applicable amounts; or
- (b) the Administrative Agent determines or receives notice from a Lender that LIBOR will not adequately reflect the cost of making, funding or maintaining LIBOR Advances for the applicable Interest Period in respect of all of its LIBOR borrowers,

then the Administrative Agent shall forthwith give notice of such event to the Borrowers and each Lender, whereupon the obligations of the Lenders to make LIBOR Advances to the Borrowers shall be suspended until the Administrative Agent gives notice to the Borrowers and the Lenders that the circumstances giving rise to such determination no longer exist.

10.3 Increased Costs

If:

- (a) the enactment or amendment of any Law or any change in the interpretation or application thereof by any Governmental Body after the date of this Agreement; or
- (b) compliance by any Lender with any such amendment or change to any existing directive, request or requirement (whether or not having the force of Law) of any Governmental Body, or with any new such directive, request or requirement of any Governmental Body,

shall have the effect of:

- (c) increasing the cost to such Lender of performing its obligations under this Agreement or in respect of any Accommodation, including the costs of maintaining any capital, reserve, deemed reserve or special deposit requirements with respect to this Agreement or any Accommodation or with respect to its obligations hereunder or thereunder or with respect to assets or deposits that directly or indirectly support such obligations;
- (d) requiring such Lender to maintain or allocate any capital (including a requirement affecting such Lender's allocation of capital to its obligations) or additional capital in respect of its obligations under this Agreement or in respect of any Accommodation or otherwise reducing the effective return to such Lender under this Agreement or in respect of any Accommodation or on its total capital as a result of entering into this Agreement or making any Accommodation;
- (e) reducing any amount payable to such Lender by or in an amount it deems material (other than a reduction resulting from a higher rate of income or capital Tax or other special Tax relating to such Lender's income or capital and other than any Excluded Taxes); or

- (f) causing such Lender to make any payment or to forgo any return on or calculated by reference to any amount received or receivable by such Lender under this Agreement or in respect of any Accommodation (other than Excluded Taxes);

such Lender may give notice to the Borrowers (with a copy to the Administrative Agent) specifying the nature of the event giving rise to such additional cost, reduction, payment or forgone return and the Borrowers shall promptly pay such amounts as such Lender may specify to be necessary to compensate it for any such additional cost, reduction, payment or forgone return. A certificate setting out, in reasonable detail, the amount of any such additional cost, reduction, payment or forgone return, submitted in good faith by such Lender to the Borrowers, shall be conclusive and binding for all purposes absent demonstrated error.

If such circumstances continue in effect for 30 consecutive days, the affected Lender, on request from the Borrowers, shall use its reasonable best efforts, in consultation with the Administrative Agent, to arrange for one or more other Persons (in this §10.3, the “**Assuming Lender**”) reasonably satisfactory to the Borrowers, the Administrative Agent, the Fronting Lenders and the Swingline Lenders to assume all or a portion of the relevant Commitments and acquire the outstanding Accommodations and other rights and interests of the affected Lender hereunder. The Assuming Lender and affected Lender shall execute all such documents as may be reasonably required by the Borrowers and the Administrative Agent to effect such assumption and acquisition. Failing such assumption and acquisition, the Borrowers may effect a prepayment and cancellation of the relevant Commitments of the affected Lender (without reducing or prepaying the Commitment(s) of any other Lender(s)).

10.4 Indemnification

- (a) *Matching Funds.* The Borrowers shall promptly pay to each Lender any amounts required to compensate such Lender for any breakage or similar cost, loss, cost of redeploying funds or other cost or expense suffered or incurred by such Lender as a result of:
 - (1) any payment being made by a Borrower in respect of a LIBOR Advance or a Bankers’ Acceptance (due to acceleration hereunder or a mandatory repayment or prepayment of principal or for any other reason) on a day other than the last day of an Interest Period or the maturity date applicable thereto; provided that, where the event giving rise to such payment is a mandatory repayment or prepayment, the Borrower may at its option instead deposit the amount of the repayment or prepayment to a cash collateral account pending expiry of the existing Interest Period or (as the case may be) maturity of outstanding Bankers Acceptances, and the monies in such cash collateral account shall be invested in Cash Equivalents and held as security to be applied by the Administrative Agent to the required repayment or prepayment on the expiry of such Interest Period or maturity of such Bankers’ Acceptance;
 - (2) a Borrower’s failure to give Notice in the manner and at the times required hereunder; or

- (3) the failure of a Borrower to fulfil or honour, before the date specified for any Accommodation, the applicable conditions set forth in Article 6 or to accept an Accommodation after delivery of a Notice in the manner and at the time specified in such Notice.

A certificate of such Lender submitted to the Borrowers (with a copy to the Administrative Agent) as to the amount necessary to so compensate such Lender shall be conclusive evidence, absent demonstrated error, of the amount due from the Borrowers to such Lender.

- (b) *General.* Subject to §9.1(q) each of the Borrowers agrees to indemnify the Administrative Agent, the Lenders and their respective Affiliates, and the directors, officers and employees of each of them, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the indemnitees or any of them, related to or arising out of the transactions contemplated:
 - (1) under this Agreement, or
 - (2) under any other Credit Facility Document,

provided that no amount shall be payable under this §10.4(b) to the extent that same arises out of the gross negligence or wilful misconduct of an indemnified Person, or out of a breach by it of the terms of this Agreement or any other Credit Facility Document.

10.5 Taxes and Costs

- (a) *Gross-Up.* Any and all payments by a Borrower under this Agreement or any other Credit Facility Document shall be made free and clear of and without deduction or withholding for Taxes (including without limitation non-resident withholding Taxes unless §13.8(f)(1) applies) unless such Taxes are required by Law to be deducted or withheld. If a Borrower shall be required by Law to deduct or withhold any Taxes from or in respect of any sum payable hereunder or thereunder:
 - (1) the sum payable shall be increased as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts paid under this §10.5) the relevant Lender receives an amount equal to the sum it would have received if no deduction or withholding had been made;
 - (2) that Borrower shall make such deductions or withholdings; and
 - (3) that Borrower shall pay the full amount deducted or withheld to the relevant taxation or other authority in accordance with applicable Law;

provided that all gross-up calculations under this §10.5(a) shall be made on the basis of a rate of withholding Tax that is the lesser of (i) the actual applicable rate of withholding

Tax, and (ii) the rate that would apply if the relevant Lender were making its accommodations available from a Lending Branch in the United States of America.

- (b) *Pay Taxes.* The Borrowers shall pay all Taxes (other than Excluded Taxes) which arise from any payment made hereunder or under any other Credit Facility Document or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or such other Credit Facility Document.
- (c) *Indemnity.* The Borrowers shall indemnify and save harmless each Lender for the full amount of Taxes (including any Taxes imposed by any jurisdiction on amounts payable under this section but not including Excluded Taxes) paid by such Lender in respect of the Credit Facility, and any liability (including penalties, interest and expense) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days from the date the Lender makes written demand therefor. A certificate as to the amount of such Taxes submitted by the Lender to the Borrowers that includes a description of the type of Tax and the taxing authority imposing such Tax (with a copy to the Administrative Agent) shall be conclusive evidence, absent demonstrated error, of the amount due from the Borrowers to such Lender.
- (d) *Evidence of Payment.* Within 30 days after the date of any payment of Taxes, the Borrowers will furnish to the relevant Lender the original or a certified copy of a receipt evidencing payment thereof.
- (e) *Survival.* Without prejudice to the survival of any other agreement or obligation of the Borrowers hereunder or under any other Credit Facility Document, the obligations of the Borrowers under this §10.5 shall survive the payment and performance of the Obligations.
- (f) *Lenders.* Each Lender shall endeavour to limit the incidence of any additional amounts payable under this §10.5 in respect of such Lender, and each of the Borrowers shall thereafter not be obligated to pay any such amounts should the cause of same be rescinded, removed, repealed or withdrawn; provided that, notwithstanding any other provisions of §10.5:
 - (1) each Lender shall have the absolute discretion as to whether to employ or claim, or as to the order and manner in which it employs or claims, any Tax credits, allowances or refunds available to it;
 - (2) in no event shall any Lender be obliged to disclose to the Borrowers any information of any kind in relation to its taxation affairs except as to whether it is a resident of Canada for purposes of the *Income Tax Act* (Canada) and, if not, where it is resident for purposes of such act and any applicable tax treaty or convention; and
 - (3) nothing in this §10.5 shall interfere with the Lender's right to arrange its Tax affairs in whatever manner it seems fit in its absolute discretion.

10.6 Change of Control

If a Change of Control occurs, the Borrowers will offer, by written notice to the Administrative Agent, to repay all the Obligations and to cancel the Credit Facility, within 10 days of the Change of Control in accordance with the following:

- (a) the offer to repay shall be an offer to permanently repay and cancel the Credit Facility on a date (the “**Proposed Payment Date**”) specified in the offer. The Proposed Payment Date will be not less than 30 days and not more than 60 days after the date of such offer and if the Proposed Payment Date is not specified in such offer the Proposed Payment Date will be the Business Day that falls on or next following the 45th day after the date of such offer;
- (b) a Lender may accept or reject the offer to repay made pursuant to this §10.6 by causing a notice of such acceptance or rejection to be delivered to the Borrowers at least 10 days prior to the Proposed Payment Date. A failure by a Lender to respond to an offer to repay made pursuant to this §10.6 at least 10 days prior to the Proposed Payment Date will be deemed to constitute a rejection of such offer by that Lender;
- (c) the Borrowers will make payment pursuant to this §10.6 on the Proposed Payment Date by paying the whole of the outstanding principal amount of the Credit Facility owing by the Borrowers to each Lender which accepts the offer to repay (each an “**Accepting Lender**”), together with:
 - (1) if all Lenders are Accepting Lenders, interest, fees and any other amounts due under the Credit Facility to such date, including the Face Amounts of all unmatured Bankers’ Acceptances and Letters of Credit and LIBOR Advances issued or made pursuant to this Agreement which have not expired; and
 - (2) if any Lender does not accept the offer to repay, interest, fees and any other amounts due under the Credit Facility to each of the Accepting Lenders, and:
 - (A) the relevant Borrower will, on the Proposed Payment Date, deposit in cash collateral accounts an amount equal to the aggregate of the Face Amounts of all unmatured Bankers’ Acceptances and the amounts of all outstanding Letters of Credit, to be applied by the Administrative Agent to the payment of maturing Bankers’ Acceptances, and payment obligations pursuant to Letters of Credit, such cash collateral to be released by the Administrative Agent on maturity of such Bankers’ Acceptances and the expiry or early termination of such Letters of Credit; and
 - (B) on the Proposed Payment Date all outstanding LIBOR Advances will be converted to US Advances and the relevant Borrower shall pay the related compensation amount to the Administrative Agent for distribution to the Lenders,

and the Commitment of each Accepting Lender will be cancelled on the Proposed Payment Date;

- (d) each offer to repay pursuant to this §10.6 shall be accompanied by a certificate of the WFP's Chief Financial Officer and dated the date of such offer specifying:
 - (1) the Proposed Payment Date;
 - (2) that such offer is made pursuant to this §10.6 and that failure of a Lender to respond to such offer by the deadline established in §10.6 will result in such offer to such holder being deemed rejected;
 - (3) that the conditions of this §10.6 required to be fulfilled prior to the giving of such notice have been fulfilled; and
 - (4) in reasonable detail the nature and date of the Change of Control.

11. EVENTS OF DEFAULT

11.1 Events of Default

Each of the events set forth in this §11.1 shall constitute an "Event of Default".

- (a) *Payment.* A Borrower shall fail:
 - (1) to pay the principal amount of any Advance or BA Equivalent Loan when the same becomes due and payable;
 - (2) to reimburse any Lender in respect of any Bankers' Acceptance or Letter of Credit, or pay the Face Amount thereof, when required hereunder; or
 - (3) to pay any interest or fees under this Agreement when the same becomes due and payable,

and, in the case of (3), such failure shall remain unremedied for a period of five Business Days after written notice thereof given to that Borrower by the Administrative Agent.

- (b) *Representations and Warranties Incorrect.* Any of the representations or warranties made or deemed to be made by any Credit Party in any Credit Facility Document to which it is a party shall prove to be or have been incorrect in any material respect when made or deemed to be made, unless such representation or warranty is capable of reconfirmation, is in fact reconfirmed as true and correct within 10 days and is in fact true and correct as of the date of such reconfirmation.
- (c) *Failure to Perform Certain Covenants.* A Borrower or any Restricted Subsidiary shall fail to perform or observe any covenant contained in any Credit Facility Document on its part to be performed or observed or otherwise applicable to it (other than those referred to in §9.1(t), §9.1(u) or §9.2); provided that, if such failure is capable of being remedied, no Event of Default shall have occurred as a result thereof unless and until such failure shall

have remained unremedied for 20 Business Days after written notice thereof given to that Borrower by the Administrative Agent.

- (d) *Breach of Financial Tests.* A Borrower shall be in breach of any of the covenants set out in §9.1(t) and §9.1(u) and such breach shall remain unremedied for five Business Days after written notice thereof given to that Borrower by the Administrative Agent.
- (e) *Breach of Negative Covenant.* A Borrower or any Restricted Subsidiary shall be in breach of any of the covenants set out in §9.2.
- (f) *Failure to Pay Certain Amounts.* A Borrower or any Restricted Subsidiary shall:
 - (1) fail to pay any Indebtedness in excess of \$25,000,000 (or the Equivalent Amount in other currencies) as and when it becomes payable; or
 - (2) fail to perform or observe any covenant or agreement to be performed or observed by it contained in any other agreement or in any instrument evidencing any of its Indebtedness in excess of \$25,000,000 (or the Equivalent Amount in other currencies) and, as a result of that failure, any other party to that agreement or instrument accelerates the maturity of any amount owing thereunder.
- (g) *Voluntary Events of Bankruptcy.* A Borrower or any Restricted Subsidiary shall:
 - (1) apply for or consent to the appointment of, or the taking of possession by, a Receiver, custodian, administrator, trustee, liquidator or other similar official for itself or for all or any material part of its assets;
 - (2) generally not pay its debts as such debts become due or admit in writing its inability to pay its debts generally, or declare any general moratorium on its indebtedness;
 - (3) commit an act of bankruptcy, or make a general assignment for the benefit of creditors or a proposal under the *Bankruptcy and Insolvency Act (Canada)*, or propose a plan of arrangement under the *Companies' Creditors Arrangement Act (Canada)* or a similar Law of any applicable jurisdiction;
 - (4) institute any proceeding seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, dissolution, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any statute, rule or regulation relating to bankruptcy, insolvency, reorganization, relief or protection of debtors or at common law or in equity; or
 - (5) take any corporate action to authorize any of the actions described in this §11.1(g).
- (h) *Involuntary Events of Bankruptcy.* Any proceeding against the Borrowers or any Restricted Subsidiary:

- (1) has adjudicated it a bankrupt or insolvent;
 - (2) has resulted in the liquidation, dissolution, winding-up, reorganization, arrangement, adjustment, protection or relief or composition of it or its debts under any statute, rule or regulation relating to bankruptcy, insolvency, reorganization, relief or protection of debtors, or at common law or in equity; or
 - (3) has resulted in the appointment of a Receiver, custodian, administrator, trustee, liquidator or other similar official for it or any material part of its assets, and such appointment has not been stayed or discharged by it within 60 days from the date made.
- (i) *Execution.* Assets of any Borrower or any Restricted Subsidiary are attached, executed, sequestered or distrained upon or become subject to any order of a court or other process and such attachment, execution, sequestration, distrain, order or process (i) relates to claims in the aggregate in excess of Cdn. \$25,000,000 (or the Equivalent Amount in other currencies), and (ii) such Borrower or such Restricted Subsidiary shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, or deposit with the Administrative Agent cash collateral or other security satisfactory to the Majority Lenders in the amount of the claim, within 60 days from the date of entry thereof.
 - (j) *Judgments.* A final judgment for the payment of money (to the extent not insured) in the aggregate in excess of \$25,000,000 (or the Equivalent Amount in other currencies) shall be rendered by a court of competent jurisdiction against any Borrower or any Restricted Subsidiary and such Borrower or such Restricted Subsidiary shall not discharge the same or provide for its discharge in accordance with its terms within 30 days after entry, or procure a stay of execution thereof or such judgment is not discharged within 30 days after the expiration of any stay of execution.
 - (k) *Credit Facility Document Unenforceable.* Any Credit Facility Document or material provision thereof shall become illegal or unenforceable.

11.2 Effect

- (a) *General.* Upon the occurrence and continuance of an Event of Default, except as provided in §11.2(b), the Administrative Agent:
 - (1) shall, at the request of the Majority Lenders, by notice to the Borrowers cancel all obligations of the Lenders in respect of all Commitments (whereupon no further Accommodations may be made and any Notice given with respect to an Accommodation occurring on or after the date of such notice or request shall cease to have effect); and
 - (2) shall, at the request of the Majority Lenders, by notice to the Borrowers declare the Obligations to be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers.

- (b) *Specific Defaults.* If any Event of Default specified in §11.1(g) or (h) shall occur, then all obligations of the Lenders in respect of all Commitments shall be automatically cancelled and the Obligations shall be forthwith due and payable, all as if the request and notice specified in each of §11.2(a)(1) and §11.2(a)(2) had been received and given by the Administrative Agent.
- (c) *Enforcement.* Upon the occurrence of an Event of Default and acceleration of the Obligations, the Administrative Agent, at the request of the Majority Lenders shall, commence such legal action or proceedings as they may deem expedient, all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any of the property or assets of the Borrowers, or any other action, notice of all of which the Borrowers hereby expressly waive to the extent permitted by law. In the case of the Security, the Administrative Agent, at the request of the Majority Lenders shall, exercise and enforce its rights and remedies under the Security. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Credit Facility Documents are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Law; provided that nothing herein contained shall permit any Lender to take any steps which, pursuant to this Agreement, may only be undertaken by or with the consent of all Lenders or the applicable Majority Lenders. Nothing contained herein or in the Security hereafter held by the Administrative Agent, nor any act or omission of the Administrative Agent or any Lender with respect to such Security, shall in any way prejudice or affect the rights, remedies and powers of the Administrative Agent or the Lenders with respect to any other such Security.

11.3 Right of Set-Off

In addition to any rights now or hereafter granted under applicable Law and not by way of limitation of any such rights, after the occurrence of an Event of Default and the provision of the notices in §11.2(a)(1) and (2), except where there is an agreement to the contrary, each Lender is hereby authorized by the Borrowers at any time or from time to time without notice to the Borrowers or to any other Person, any such notice being hereby expressly waived to the extent permitted by Law, to set off and to appropriate and to apply any and all deposits (general or special), time or demand, in each case whether matured or unmetered (and any other indebtedness) at any time held or owing by such Lender to or for the credit or account of the Borrowers (or either of them) against and on account of the Obligations of the Borrowers to such Lender, including all claims of any nature or description arising out of or connected with this Agreement or any of the other Credit Facility Documents, and although such obligations and liabilities or any of them shall be contingent and unmetered.

If any Lender is entitled to exercise any right of counter-claim, set-off or bankers' lien or similar right with respect to the property of a Restricted Subsidiary, or if under any applicable bankruptcy, insolvency or other similar Law, the security for which is a debt owed by it to a Restricted Subsidiary, it shall apportion the amount thereof proportionately between:

- (a) the Obligations owed by the Borrowers or a Restricted Subsidiary, as the case may be, which amounts shall be applied in accordance with this Agreement and, where any Lender is providing a Commitment, amounts apportioned to the Obligations shall be

applied in the first instance to the Credit Facility on a *pro rata* basis based upon the Principal Outstanding thereunder; and

- (b) amounts otherwise owed to it by a Restricted Subsidiary, as the case may be.

11.4 Currency Conversion After Acceleration

At any time following the occurrence of an Event of Default and the acceleration of the Obligations, each Lender shall be entitled to convert, with two Business Days' prior notice to the Borrowers, its unpaid and outstanding US Dollar Advances under the Credit Facility to Prime Rate Advances. Any such conversion shall be calculated so that the resulting Prime Rate Advances shall be the Equivalent Amount in Cdn. Dollars on the date of conversion of the amount of US Dollars so converted. Any accrued and unpaid interest denominated in US Dollars at the time of any such conversion shall be similarly converted to Cdn. Dollars, and such Prime Rate Advances and accrued and unpaid interest thereon shall thereafter bear interest in accordance with Article 3.

11.5 Enforcement of Security

To the extent that the Administrative Agent receives or recovers monies pursuant to any right of enforcement under the Security, such monies shall (without prejudice to the rights of the Administrative Agent to credit any monies received by it to any collateral account) be applied as among the Lenders in the following order:

- (a) first, in or towards payment of all of the Administrative Agent's damages and disbursements (including amounts paid by the Administrative Agent pursuant to §9.3);
- (b) secondly, in or towards payment of the Obligations, *pro rata* to the respective aggregate amounts owing in respect of same;
- (c) thirdly, in payment to any Person to whom the Administrative Agent is obliged to pay in priority to the Credit Party otherwise entitled thereto, to the extent it is so obliged; and
- (d) fourthly, thereafter in payment to the Credit Party entitled thereto.

11.6 Letters of Credit and Bankers' Acceptances Outstanding

If there are Letters of Credit or Bankers' Acceptances outstanding on the date specified in the notice delivered to the Borrowers pursuant to §11.2(a)(2) in relation to an Event of Default, then, notwithstanding the date of maturity of each such outstanding Letter of Credit or Bankers' Acceptance, the relevant Borrower at such time shall deposit (at interest to be credited to that Borrower at the Administrative Agent's rate for term deposits appropriate to the currency, amount and terms of any such Letters of Credit or Bankers' Acceptance) in cash collateral accounts to be opened and maintained by the Administrative Agent amounts in Canadian Dollars, US Dollars or both, as the case may be, equal to the aggregate of the Face Amounts of all such unmatured Letters of Credit and Bankers' Acceptances. Amounts held in such cash collateral accounts shall be applied by the Administrative Agent to the payment obligations, if any, pursuant to such unmatured Letters of Credit and Bankers' Acceptances, and any balance in such accounts shall be applied to repay other obligations of the Borrowers in accordance with this Agreement.

12. THE ADMINISTRATIVE AGENT AND THE LENDERS

12.1 Authorization and Action

Each Lender hereby appoints and authorizes the Administrative Agent to take such action as agent on that Lender's behalf and to exercise such powers under this Agreement and the other Credit Facility Documents as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement or such other Credit Facility Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully indemnified and protected in so acting or refraining from acting) upon the instructions of the Majority Lenders and such instructions (and indemnification) shall be binding upon all Lenders; provided that the Administrative Agent not shall be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or such other Credit Facility Documents or applicable Law.

12.2 Duties and Obligations

The duties and obligations of the Administrative Agent under this Agreement shall be mechanical and administrative in nature, and the Administrative Agent shall not have, by reason of this Agreement or any other Credit Facility Document or, any fiduciary relationship or duty with or to any Lender.

Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to any Lender for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any other Credit Facility Document except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Administrative Agent:

- (a) may treat any Lender as the payee of amounts attributable to such Lender's Commitment unless and until the Administrative Agent receives written notice of the assignment thereof signed by such Lender and the Administrative Agent receives the written agreement of the assignee that such assignee is bound hereby as if it had been an original Lender party hereto, in each case in form satisfactory to the Administrative Agent and otherwise in accordance with §13.8;
- (b) may consult with legal counsel (including counsel for the Borrowers), independent chartered accountants and other experts selected by it and shall not be liable to the Lenders for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts;
- (c) shall incur no liability under or in respect of this Agreement or any other Credit Facility Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by fax, electronic communication, telegram, cable, facsimile or similar means of recorded communication) believed by it to be genuine and signed or sent by the proper party or parties or by acting upon any representation or warranty of a Borrower made or deemed to be made hereunder or thereunder;

- (d) may assume that no Default or Event of Default has occurred and is continuing unless it has actual knowledge to the contrary or it has received notice of such Default or Event of Default from a Borrower or any Lender; and
- (e) may rely as to any matters of fact which might reasonably be expected to be within the knowledge of any Person upon a certificate signed by or on behalf of such Person.

Further, the Administrative Agent:

- (f) does not make any warranty or representation to any Lender and shall not be responsible to any Lender for the accuracy or completeness of the documents, information or financial data made available to the Lenders in connection with the negotiation of this Agreement, or for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement or any other Credit Facility Document;
- (g) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other Credit Facility Document on the part of the Borrowers or any other Person or to inspect any assets (including books and records); or
- (h) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Credit Facility Document.

The Administrative Agent shall promptly distribute to the Lenders copies of all material received from the Borrowers in compliance with the Borrowers' reporting obligations hereunder.

12.3 The Administrative Agent and Affiliates

With respect to its Commitment and Accommodations made or provided and to be made or provided by it, the Administrative Agent, if it is also a Lender, shall have the same rights and powers under this Agreement and every other Credit Facility Document as any other Lender and may exercise the same as though it were not the Administrative Agent; and the terms "Lender" and "Lenders" shall, unless otherwise expressly indicated, include the Administrative Agent in its capacity as Lender. Each Lender (including the Administrative Agent) and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with a Borrower and its Affiliates, or any corporation or other entity owned or controlled by such Persons, and any Person which may do business with such Persons, all as if it were not a party hereto and without any duty to account therefor to any Lender; provided that nothing in this §12.3 shall affect in any manner whatsoever any covenant or other obligation on the part of that Borrower or any other Person to be observed or performed under this Agreement or any other Credit Facility Document.

12.4 Lender Credit Decision

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of a Borrower and its Affiliates. Accordingly, each

Lender confirms to the Administrative Agent and each other Lender that it has not relied, and will not hereafter rely, on the Administrative Agent or any other Lender:

- (a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by or on behalf of a Borrower or any of its Affiliate under or in connection with this Agreement or any other Credit Facility Document or the transactions herein or therein contemplated (whether or not such information has been or is hereafter distributed to such Lender by the Administrative Agent or other Lender); or
- (b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of a Borrower or any of its Affiliate.

Each Lender acknowledges that a copy of this Agreement and the Security has been made available to it for its review and that it is satisfied with the form and substance of those documents.

12.5 Indemnifications

- (a) *General.* Subject to §12.5(b), each Lender shall indemnify the Administrative Agent, each Affiliate thereof, and each director, officer, and employee of the Administrative Agent and of each such Affiliate (to the extent not reimbursed by the Borrowers), with all other Lenders *pro rata* according to the respective amounts of their respective Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent or any such Affiliate, director, officer or employee in any way relating to or arising out of this Agreement or any other Credit Facility Document or any action taken or omitted by the Administrative Agent or any such Affiliate, director, officer or employee under this Agreement or any such other Credit Facility Document to the extent that the Administrative Agent or such Affiliate, director, officer or employee is not reimbursed for such expenses by the Borrowers; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of an indemnitee. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Administrative Agent and each such Affiliate, director, officer or employee promptly upon demand for its share (determined rateably as aforesaid) of any out-of-pocket expenses (including counsel fees) incurred by the indemnitee in connection with the preservation of any rights of the Administrative Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, this Agreement or any such other Credit Facility Document, to the extent that the Administrative Agent or such Affiliate, director, officer or employee is not reimbursed for such expenses by the Borrowers.
- (b) *Security.* Each Lender shall indemnify the Administrative Agent, each Affiliate thereof, and each director, officer, and employee of the Administrative Agent and of each such Affiliate (to the extent not reimbursed by the Borrowers), with all other Lenders *pro rata* according to the respective amounts of their respective Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits,

costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent or any such Affiliate, director, officer or employee in any way relating to or arising out of the Security or any action taken or omitted by the Administrative Agent or any such Affiliate, director, officer or employee under the Security to the extent that the Administrative Agent or such Affiliate, director, officer or employee is not reimbursed for such expenses by the Borrowers; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of an indemnitee. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Administrative Agent and each such Affiliate, director, officer or employee promptly upon demand for its share (determined rateably as aforesaid) of any out-of-pocket expenses (including counsel fees) incurred by the indemnitee in connection with the preservation of any rights of the Administrative Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, the Security, to the extent that the Administrative Agent or such Affiliate, director, officer or employee is not reimbursed for such expenses by the Borrowers.

12.6 Successor Agents

The Administrative Agent may, as hereinafter provided, resign at any time by giving written notice thereof to the Lenders and the Borrowers and may be removed at any time with cause by the Majority Lenders (in the case of the Administrative Agent). Upon any such resignation or removal, the Lenders, after consultation with the Borrowers, shall have the right to appoint a successor agent, which shall be a Lender. If no successor agent shall have been so appointed by the Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent shall on behalf of the Lenders forthwith designate one of the Lenders the pro tem successor Administrative Agent, and such designated Lender shall act as Administrative Agent under this Agreement pending the appointment of its successor. Upon the acceptance of any appointment as Administrative Agent under this Agreement by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from any further duties and obligations as the Administrative Agent under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article 12 shall enure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement.

12.7 Sub-Agent or Co-Agent

At any time or times, in order to comply with any legal requirement in any province, state or other jurisdiction, or to facilitate the taking by the Administrative Agent of any action provided for in any Credit Facility Document, the Administrative Agent may appoint one or more trust companies, chartered banks or other Persons (any of whom may, but need not be, a Lender) to act either as co-agent or sub-agent, jointly with the Administrative Agent or as a separate agent or agents on behalf of the Lenders, with such powers and authorities as the Administrative Agent deems necessary for the effective operation of the provisions of any Credit Facility Document. In the discretion of the Administrative Agent, any instrument

or agreement appointing any such co-agent or sub-agent may include provisions for the protection of such co-agent or sub-agent similar to but no broader than the provisions of this Article 12. Upon the appointment of any such co-agent or sub-agent by the Administrative Agent, all references in this Agreement and in all other Credit Facility Documents to the Administrative Agent shall thereafter be construed as references to such co-agent or sub-agent to the extent necessary in order to give effect to its powers, authorities and obligations.

12.8 Assignment of Credit Facility Documents

Upon the resignation or removal of the Administrative Agent pursuant to §12.6, the Administrative Agent shall assign and transfer to the successor Administrative Agent all of its right, title and interest, as agent, in and to the Credit Facility Documents. The successor Administrative Agent shall ensure that all required notices, registrations and filings in connection with such assignment are given or made, as the case may be, and the Borrowers shall reimburse the successor Administrative Agent for and in respect of all of its reasonable costs and expenses in connection therewith.

12.9 Compliance with FATCA

If a payment made to a Lender under any Credit Facility Document is subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable, or the *Income Tax Act* (Canada)), such Lender shall deliver to the Borrowers and/or the Administrative Agent (as applicable) at the time or times prescribed by applicable Laws and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by Applicable Laws (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or the *Income Tax Act* (Canada) or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 8.5(3), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

13. MISCELLANEOUS

13.1 Sharing of Payments; Records.

- (a) *The Swingline and Fronting Lender.* Upon the occurrence of an Event of Default, adjustments shall be made among the Lenders as set forth in this §13.1(a).
 - (1) Unless the Swingline Lenders and the Majority Lenders agree otherwise, if an Event of Default occurs, then the Swingline Lenders will promptly request the Administrative Agent on behalf of the relevant Borrower (and for this purpose the relevant Swingline Lender is irrevocably authorized by WFP to do so) for a Borrowing by way of a Prime Rate Advance or a US Base Rate Advance (as applicable) from the Lenders pursuant to Article 3 to repay to the Swingline Lenders the outstanding Swingline Advances. The Lenders are irrevocably directed by each of the Borrowers to make any Prime Rate Advance or US Base Rate Advance (as applicable) if so requested by the relevant Swingline Lender

and pay the proceeds thereof directly to the Administrative Agent for the account of the Swingline Lender. At all times thereafter the commitment of the Swingline Lenders to make Swingline Advances under §2.1(f) shall be terminated and the Lenders shall make such adjusting payments amongst themselves in the manner contemplated by §13.1(b) as may be required to ensure their respective participations in outstanding Advances under the Credit Facility reflect their respective Commitments under the Credit Facility. If any Letter of Credit is thereafter drawn which results in a payment by the Fronting Lender thereunder (in this §13.1(a), an “**LC Payment**”), the Fronting Lender will promptly request the Administrative Agent on behalf of WFP (and for this purpose the Fronting Lender is irrevocably authorized by WFP to do so) for a Borrowing by way of a Prime Rate Advance or a US Base Rate Advance (as applicable) from the Lenders pursuant to Article 3 to reimburse the Fronting Lender for such LC Payment and the foregoing provisions of this §13.1(a)(1) shall equally apply to each such further Advance. Each Lender unconditionally agrees to pay to the Administrative Agent for the account of the relevant Swingline Lender or the Fronting Lender such Lender’s rateable portion of each Advance requested by the relevant Swingline Lender or the Fronting Lender on behalf of WFP to repay Swingline Advances or LC Payments made by a Swingline Lender or the Fronting Lender.

- (2) Except as provided in §13.1(a)(4), the obligations of each Lender under §13.1(a)(1) are unconditional, shall not be subject to any qualification or exception whatsoever and shall be performed in accordance with the terms and conditions of this Agreement under all circumstances including:
 - (A) any lack of validity or enforceability of a Borrower’s obligations under §2.1(f);
 - (B) the occurrence of any Default or Event of Default or the exercise of any rights by the Administrative Agent under §11.2; and
 - (C) the absence of any demand for payment being made, any proof of claim being filed, any security being enforced, any proceeding being commenced or any judgment being obtained by the relevant Swingline Lender or the Fronting Lender against a Borrower.

- (3) If a Lender (this §13.1(a)(3), a “**Defaulting Lender**”) fails to make payment on the due date therefor of any amount due from it for the account of a Swingline Lender or the Fronting Lender pursuant to §13.1(a)(1) (the balance thereof for the time being unpaid being referred to in this §13.1(a)(3) as an “**overdue amount**”) then, until the relevant Swingline Lender or the Fronting Lender has received payment of that amount (plus interest as provided below) in full (and without in any way limiting the rights of the Swingline Lenders or the Fronting Lender in respect of such failure):

- (A) the relevant Swingline Lender or the Fronting Lender shall be entitled to receive any payment which the Defaulting Lender would otherwise have been entitled to receive in respect of the Credit Facility or otherwise in respect of any Credit Facility Document; and
 - (B) the overdue amount shall bear interest payable by the Defaulting Lender to the relevant Swingline Lender or the Fronting Lender at the rate payable by WFP in respect of the Obligations which gave rise to such overdue amount.
- (4) If for any reason an Advance may not be made pursuant to §13.1(a)(1) to reimburse the relevant Swingline Lender or the Fronting Lender as contemplated thereby, then promptly upon receipt of notification of such fact from the Administrative Agent, each Lender shall deliver to the Administrative Agent for the account of the relevant Swingline Lender or the Fronting Lender in immediately available funds the purchase price for such Lender's participation interest in the relevant unreimbursed Swingline Advances or LC Payments. Each Lender shall, upon demand by a Swingline Lender or the Fronting Lender made to the Administrative Agent, deliver to the Administrative Agent for the account of that Swingline Lender or the Fronting Lender interest on such Lender's rateable portion from the date of payment by that Swingline Lender or the Fronting Lender of such unreimbursed Swingline Advances or LC Payments until the date of delivery of such funds to that Swingline Lender or the Fronting Lender by such Lender at a rate per annum equal to the Federal Funds Effective Rate (if reimbursement is to be made in US Dollars) or the one month CDOR (if reimbursement is to be made in Canadian Dollars) for such period. Such payment shall only, however, be made by the Lenders in the event and to the extent a Swingline Lender or the Fronting Lender has not been reimbursed in full by the Borrowers for interest on the amount of such unreimbursed Swingline Advances or LC Payments.
- (5) Each Swingline Lender or the Fronting Lender shall, forthwith upon its receipt of any reimbursement (in whole or in part) by WFP for any unreimbursed Swingline Advances or LC Payments in relation to which other Lenders have purchased a participation interest pursuant to §13.1(a)(4), or of any other amount from WFP or any other Person in respect of such payment (other than pursuant to §2.1(f)), transfer to such other Lender such other Lender's rateable share of such reimbursement or other amount. In the event that any receipt by a Swingline Lender or the Fronting Lender of any reimbursement or other amount is found to have been a transfer in fraud of creditors or a preferential payment under any applicable insolvency legislation or is otherwise required to be returned, such Lender shall promptly return to that Swingline Lender or the Fronting Lender any portion thereof previously transferred to it by that Swingline Lender or the Fronting Lender, without interest to the extent that interest is not payable by that Swingline Lender or the Fronting Lender in connection therewith.

(b) *Sharing.* If:

- (1) any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off pursuant to §11.3 or at law or equity, or otherwise) on account of any Accommodation made by it (other than Increased Costs paid to it) in excess of its rateable share of payments on account of such Accommodation; or
- (2) (without regard to outstanding Increased Costs) any Lender shall at the time of acceleration of the Obligations have outstanding Obligations which are less than its rateable share of all outstanding Obligations,

then such Lender shall forthwith purchase from the other Lenders such participations in the Accommodations made by such other Lenders as shall be necessary to cause such purchasing Lender to share the excess payment or be owed the outstanding Obligations rateably with such other Lenders.

In the case of paragraph (1) of this §13.1(b), if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and each Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such other Lender's rateable share (according to the proportion that the amount such other Lender's required repayment bears to the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered.

Any Lender purchasing a participation from another Lender pursuant to this §13.1 may, to the fullest extent permitted by Law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were a direct creditor of the applicable Borrower in the amount of such participation.

- (c) *Records.* The Principal Outstanding under the Credit Facility, the unpaid interest accrued thereon, the interest rate or rates applicable to any unpaid principal amounts, the duration of such application, the date of acceptance or issue, Face Amount and maturity of all Bankers' Acceptances and Letters of Credit and the Commitments shall at all times be ascertained from the records of the Administrative Agent, which shall be conclusive absent demonstrated error.

13.2 Amendments, etc.

- (a) *Amendments - General.* Subject to §13.2(b) and §13.2(c), no amendment or waiver of any provision of this Agreement or of any other Credit Facility Document, nor any consent to any departure by a Borrower or any Affiliate herefrom or therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders (or by the Administrative Agent on their behalf), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

- (b) *Amendments – Unanimous (All)*. No instrument shall, unless in writing and signed by all the Lenders (or by the Administrative Agent on their behalf):
- (1) waive any of the conditions specified in Article 6;
 - (2) except as provided pursuant to §2.1(g) increase the Commitment of any Lender or, except as provided in §2.2(c), subject any Lender to any additional obligation in respect of the Credit Facility;
 - (3) amend the terms of §9.2(c) provided that any waiver of a breach of §9.2(c) need only be approved under §13.2(a) by the Majority Lenders;
 - (4) amend the definition of “Majority Lenders”;
 - (5) except as permitted by §9.2(b), permit a substitution of a Borrower or an assignment or transfer of any of its rights or obligations under any Credit Facility Document;
 - (6) release or subordinate the Security except as required under §9.2(c)(4);
 - (7) change the types of Accommodations available under the Credit Facility;
 - (8) change the nature or extent of any security for the Credit Facility, except as provided in §9.2(c)(4); or
 - (9) amend the provisions of this §13.2.
- (c) *Amendments – Unanimous*. No instrument shall, unless in writing and signed by all Lenders (or by the Administrative Agent on their behalf) in respect of each of the following subject matters:
- (1) reduce the principal of, or interest on, or discount rate applicable to any Accommodation or any fees hereunder;
 - (2) amend the Maturity Date or otherwise postpone any date fixed for any payment of principal of, or interest on, any Accommodation or any fees hereunder, or subordinate the Obligations or any portion thereof to any Indebtedness;
 - (3) amend the definition of “Majority Lenders” or otherwise reduce the number or percentage of Lenders required in the same respect to act under this Agreement; or
 - (4) change the percentage of any Lender’s Commitment.
- (d) *Amendments – Administrative Agent*. No amendment, waiver or consent shall affect the rights or duties of the Administrative Agent under any Credit Facility Document unless such amendment, waiver or consent is in writing and approved by the Administrative Agent in addition to the Majority Lenders.

- (e) *Amendments -Fronting Lender.* No amendment, waiver or consent shall, unless approved by the Fronting Lender, if any, affects the rights or obligations of the Fronting Lender with respect to Letters of Credit.
- (f) *Amendments - Swingline Lender.* No amendment, waiver or consent shall, unless approved by the relevant Swingline Lender, affect the rights or obligations of that Swingline Lender with respect to its Swingline Advances.

13.3 Notices, etc.

- (a) *Notices.* Any and all notices or other communications required or permitted pursuant to this Agreement shall be in writing and shall be personally delivered by courier, telecopied or send by electronic mail to the addressee at the address referred to below, in which case such notice or other communication shall conclusively be deemed to have been given to the addressee thereof on the day upon which it was delivered or received by telecopy or electronic mail if delivered or received prior to the relevant time on such day (or on the next Business Day if received after the relevant time or if received on a day that is not a Business Day). For this purpose, the “**relevant time**” shall be 1:00 p.m. (local time of the addressee) in the case of a Notice, and 3:00 p.m. (local time of the addressee) in all other cases. The addresses referred to above for the Borrowers and the Administrative Agent are as follows, and in respect of the Lenders as set forth in Schedule 1:

The Borrowers

c/o Western Forest Products Inc.
800 – 1055 West Georgia Street
Royal Centre Building
PO Box 11122
Vancouver, BC V6E 3P3
Canada

Attention: **Executive Vice President and Chief Financial Officer**

Fax No. 604-681-9584
E-mail: swilliams@westernforest.com

Administrative Agent

Royal Bank of Canada
200 Bay Street, 12th Floor, South Tower
Toronto, Ontario
M5K 2J7

Attention: Manager, Agency

Fax No. (416) 842-4023

- (b) *Change.* Each party may change its address for service by written notice, given in the manner provided above, to the other parties and such change shall be effective upon the date the notice shall be deemed to be received.
- (c) *Deliveries.* All deliveries of financial statements and other documents to be made by a Borrower to the Lenders hereunder shall be made by making delivery of such financial statements and documents to the Administrative Agent (in sufficient copies for the Administrative Agent and Lenders) to the address in §13.3(a) or to such other address as the Administrative Agent may from time to time notify to the Borrower. All such deliveries shall be effective only upon actual receipt.
- (d) *Notice Irrevocable.* Each Notice shall be irrevocable and binding on the Borrowers.
- (e) *Reliance.* The Administrative Agent may act upon the basis of telephonic notice believed by it in good faith to be from a Borrower prior to receipt of a Notice. In the event of conflict between the Administrative Agent's record of the applicable terms of any Accommodation and such Notice, the Administrative Agent's record shall prevail, absent demonstrated error.

13.4 No Waiver; Remedies

No failure on the part of the Administrative Agent, or any of the Lenders to exercise, and no delay in exercising, any right under any Credit Facility Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right under any Credit Facility Document preclude any other or further exercise thereof or the exercise of any other right. The remedies herein and therein provided are cumulative and not exclusive of any remedies provided by Law.

13.5 Expenses

The Borrowers shall pay to the Administrative Agent, on its own account and on behalf of the Lenders, all reasonable costs and expenses (including all reasonable legal fees and disbursements on a full reimbursement basis) incurred by the Administrative Agent in connection with this Agreement, the other Credit Facility Documents and the Credit Facility, including:

- (a) the negotiation, preparation, printing, execution, delivery and interpretation, both prior and subsequent to the Closing Date, of this Agreement and any other Credit Facility Document (in this §13.5, collectively, the "**Documents**");
- (b) the performance by the Administrative Agent of its obligations and duties under any of the Credit Facility Documents;
- (c) the fees and expenses of consulting and other expert or professional services; provided that, prior to the occurrence of a Default or an Event of Default, the provider of such services has been approved by the Borrowers, which approval shall not be unreasonably withheld;

- (d) advice of counsel with respect to matters relating to the Credit Facility, any Credit Facility Document or any transaction contemplated thereunder, including all reasonable legal fees and other out-of-pocket expenses incurred by the Administrative Agent;
- (e) the enforcement of any Credit Facility Document or the enforcement or preservation of rights under, and the refinancing, renegotiation or restructuring (including negotiation of any so-called “workout” or similar transaction) of the Credit Facility under, this Agreement or any other Credit Facility Document or the bringing of any action, suit or proceeding with respect to the enforcement of any Document or any such right or seeking any remedy which may be available to the Administrative Agent or the Lenders at law or in equity;
- (f) the maintenance of the registration, filing and the perfection of the Security and the Liens thereof; and
- (g) any amendments, waivers or consents requested by a Borrower pursuant to the provisions of any Credit Facility Document.

The obligations of the Borrowers under this §13.5 shall survive the payment and performance of the Obligations.

13.6 Judgment Currency

- (a) *Exchange Rate.* If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder to the Administrative Agent or a Lender in one currency (in this §13.6, the “**Original Currency**”) into another currency (in this §13.6, the “**Judgment Currency**”), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent or Lender could purchase the Original Currency with the Judgment Currency on the Business Day preceding that on which final judgment is paid or satisfied.
- (b) *Obligation.* The obligations of a Borrower in respect of any sum due in the Original Currency from it to the Administrative Agent or a Lender under any Credit Facility Document shall, notwithstanding any judgment in any Judgment Currency, be discharged only to the extent that, on the Business Day following receipt by the Administrative Agent or Lender of any sum adjudged to be so due in such Judgment Currency, the Administrative Agent or Lender may in accordance with normal banking procedures purchase the Original Currency with such Judgment Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Administrative Agent or Lender in the Original Currency, the Borrowers agree, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or Lender against such loss and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Administrative Agent or Lender in the Original Currency, the Administrative Agent or Lender agrees to remit such excess to the Borrowers.

13.7 Governing Law

- (a) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
- (b) *Submission to Jurisdiction.* Each party hereby irrevocably submits to the jurisdiction of the courts of British Columbia in any action or proceeding arising out of or relating to this Agreement and hereby irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts. Each party hereby irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action or proceeding. As an alternative to any other method of service permitted by applicable Law, each party also irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to it at its address referred to in §13.3 or at such other address as it may direct in accordance with §13.3. Each party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.
- (c) *Non-Exclusive.* Nothing in this §13.7 shall affect the right of any party to serve legal process in any other manner permitted by Law or affect the right of a party to bring any action or proceeding against another party or its property in the courts of other jurisdictions.
- (d) *Trial by Jury.* Each of the parties hereto, to the fullest extent permitted by Law, hereby waives its rights to a trial by jury.

13.8 Successors and Assigns

- (a) *Enurement.* This Agreement shall become effective when it shall have been executed by the parties and thereafter shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.
- (b) *Assignment by Borrowers.* Neither Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior consent of all the Lenders, which consent may be withheld by the Lenders in their sole and absolute discretion; provided that the foregoing shall not prohibit a Permitted Merger by WFP.
- (c) *Participation.* A Lender may at any time sell to one or more other Persons (“**Participants**”) participating interests in all or any part of the Credit Facility. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender’s obligations under this Agreement to the Borrowers shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, the Borrowers shall continue to be obligated to such Lender in connection with such Lender’s rights under this Agreement and the Administrative Agent shall not be obligated to deal with such Participant. No Participant, unless such Participant is an Affiliate of such Lender, or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Credit Facility Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant’s

consent, take any actions of the type described in §13.2(c)(1) or §13.2(c)(2). Each Borrower agrees that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared to be or shall have become due and payable further to the occurrence of an Event of Default, each Participant that was disclosed to the Borrowers at the time of creation of the relevant participation shall be deemed to have the right of setoff, if any, in respect of its participating interests in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as such Lender under this Agreement. Each Borrower also agrees that each Participant shall be entitled to the benefits of §10.5 with respect to its participation hereunder; provided that no Participant shall be entitled to receive any greater amount pursuant to such section, nor shall the Borrowers as a result thereof be required to pay any greater amount, than such Lender would have been entitled to receive, or that the Borrowers would have been required to pay, in respect of the amount of the participation transferred by such Lender to such Participant had no such transfer occurred.

- (d) *Assignments.* Subject to §13.8(f), a Lender (an “**Assignor**”) may at any time, with the consent of the Administrative Agent and, where no Default or Event of Default has occurred, with the consent of the applicable Borrower (which consent will not be unreasonably withheld), sell all or any part of its rights and obligations hereunder to one or more Persons (“**Assignees**”) in respect of an aggregate amount of Commitment exceeding Cdn. \$5,000,000 and in further increments of Cdn. \$1,000,000, and in such event shall provide three Business Days’ notice thereof to the Administrative Agent and the applicable Borrower. Upon such sale (other than a sale where the Assignee is a Federal Reserve Bank in the United States and does not assume any of the obligations of the Assignor hereunder and the Assignor is not released from its obligations hereunder, in which case the balance of this §13.8(d) shall not apply), the Assignor shall, to the extent of such sale, be released from its obligations hereunder and each of the Assignees shall become a party hereto to the extent of the interest so purchased. Any such sale by an Assignor shall not be effective unless and until (1) the Assignor has paid to the Administrative Agent an assignment fee in the amount of Cdn. \$5,000 for the Assignee, (2) the Assignee has executed an instrument substantially in the form of Schedule 5 whereby such Assignee has agreed to be bound by the terms hereof as a Lender and has agreed to a specific Commitment under the Credit Facility and a specific address and telefacsimile number for the purpose of notices as provided in §13.3, and (3) a copy of a fully executed copy of such instrument has been delivered to the Administrative Agent and the applicable Borrower. Upon any such sale becoming effective, Schedule 1 shall be deemed to be amended to include the Assignee as a Lender including the specific Commitment, address and telefacsimile number as aforesaid and the Commitment of the Assignor shall be deemed to be reduced by the amount of the Commitment assigned to the Assignee. No Lender (including an Assignee) shall, after an assignment made pursuant to this §13.8(d), hold an amount of Commitment less than Cdn. \$5,000,000.

Prior to the occurrence of a Default or an Event of Default, any assignment pursuant to this §13.8(d) shall require the prior written approval of the applicable Borrower, the

Administrative Agent, the Fronting Lenders and the Swingline Lenders which will not be unreasonably withheld.

- (e) *Information.* Each Borrower authorizes the Administrative Agent and the Lenders to disclose: (i) to any Assignee; (ii) on further specific written authorization by the Borrowers identifying such Person, to any prospective Assignee or to any Participant (provided that any Person listed in (i) or (ii) agrees to comply with §13.12.); or (iii) any other Lender, any and all financial information in their possession concerning that Borrower and its Affiliates which has been delivered to them by or on behalf of that Borrower pursuant to this Agreement or which has been delivered to them by or on behalf of that Borrower in connection with their credit evaluation prior to becoming a party to this Agreement.
- (f) *Restrictions on Participations and Assignments by Lenders.* Notwithstanding anything to the contrary contained in §13.8(c) or 13.8(d) or any other provision of this Agreement:
 - (1) a Lender who is a “resident” of Canada within the meaning of the *Income Tax Act* (Canada) shall not sell participating interests in all or any part of the Credit Facility to, or assign all or any part of its rights and obligations hereunder in respect of the Credit Facility to, any Person who is not such a “resident” of Canada unless such Person provides to WFP such information with respect to such Person as is reasonably necessary in order to permit WFP to comply with any applicable Law, or any applicable guideline, official directive, request or direction (whether or not having the force of Law) of any Governmental Body, requiring WFP to deduct or withhold any amount on account of Taxes or Excluded Taxes from or in respect of any payment made pursuant to this Agreement to such Person;
 - (2) no participation or assignment shall be made to a Borrower or any Affiliate thereof pursuant to this §13.8; and
 - (3) any participation or assignment pursuant to this §13.8 shall not subject a Borrower to any increased rate of withholding on or gross-up of Tax payments on account of the Obligations having regard to the applicable Laws (including pending or proposed laws) at the time of such participation or assignment.
- (g) *Pledges to Federal Reserve Banks.* Notwithstanding any other provision of this Agreement, any Lender governed by the applicable Laws of the United States may at any time assign all or a portion of its rights under this Agreement and the other Credit Facility Documents to a Federal Reserve Bank. No such assignment shall relieve the assigning Lender from its obligations under this Agreement or the other Credit Facility Documents.

13.9 US Patriot Act Notice

The Administrative Agent and the Lenders which are subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “**Patriot Act**”) hereby notify each of the Borrowers that, pursuant to the requirements of the Patriot Act, they are or may be required to obtain, verify and record information that identifies any of the parties related to this Agreement, which information

includes the name and address of any of the parties and other information that will allow the Lenders to identify the parties in accordance with the Patriot Act.

13.10 Know Your Customer/Anti-Money Laundering Laws

- (a) Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of Anti-Money Laundering/ Anti- Terrorist Financing Laws and "know your client" Laws (collectively, including any guidelines or orders thereunder, "**AML/KYC Legislation**"), it may be required to obtain, verify and record information that identifies each Borrower and each of its Subsidiaries, which information includes the name and address of each such Person and such other information that will allow such Lender or the Administrative Agent, as applicable, to identify each such person in accordance with AML/KYC Legislation (including, information regarding such Person's directors, authorized signing officers, or other persons in control of each such Person). Each Borrower shall promptly provide and cause its Subsidiaries to provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent (for itself and not on behalf of any Lender), or any prospective assignee or participant of a Lender or the Administrative Agent, in order to comply with any applicable AML/KYC Legislation, whether now or hereafter in existence.
- (b) If, upon the written request of any Lender, the Administrative Agent has ascertained the identity of the Borrowers, any Subsidiary or any authorized signatories of such person for the purposes of applicable AML/KYC Legislation on such Lender's behalf, then the Administrative Agent:
 - (1) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a "written agreement" in such regard between such Lender and the Administrative Agent within the meaning of applicable AML/KYC Legislation; and
 - (2) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.
- (c) Notwithstanding anything to the contrary in this §13.10, each of the Lenders agrees that the Administrative Agent has no obligation to ascertain the identity of the Borrowers, any Subsidiary or any authorized signatories of such person, on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from any such person or any such authorized signatory in doing so.

13.11 Conflict

In the event of a conflict between the provisions of this Agreement and the provisions of any other Credit Facility Document, the provisions of this Agreement shall prevail.

13.12 Confidentiality

Information provided by the Borrowers hereunder or pursuant hereto will not be disclosed by the Administrative Agent or any Lender or used by the Administrative Agent or any Lender for any purpose other than evaluation, monitoring and review pursuant to this Agreement; provided that such information may be disclosed:

- (a) as contemplated by §13.8(e) if such Participant or Assignee is advised such information is confidential and agrees to treat such information as confidential;
- (b) to any director, officer or employee of the Administrative Agent or a Lender or its Subsidiaries involved with the Credit Facility or that otherwise has a need for such information; provided that same is treated in the same manner as other confidential information held by the Administrative Agent or Lender;
- (c) to legal counsel, accountants and other consultants and professional advisors determined by the Administrative Agent or a Lender to require such information for the purpose of assisting in or advising upon such evaluation, monitoring and review, if such Persons are advised that such information is confidential to the Borrowers and agree with the Administrative Agent to maintain such confidentiality;
- (d) as and to the extent required by applicable Law;
- (e) to the extent that such information is public;
- (f) to the extent that such information was previously known to the Administrative Agent or a Lender through means other than the Borrowers, or was acquired from a third party not known to the Administrative Agent or Lender to be under a duty of confidentiality to any of the Borrowers or to an Affiliate of a Borrower.

13.13 Severability

The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

13.14 Prior Understandings

This Agreement supersedes all prior understandings and agreements, whether written or oral, among the parties relating to the transactions provided for herein.

13.15 Time of Essence

Time shall be of the essence hereof.

13.16 Termination

- (a) This Agreement shall terminate on the Maturity Date unless sooner terminated in accordance with the terms hereof. The Administrative Agent, upon direction from the Majority Lenders, may terminate this Agreement upon notice as specifically required under this Agreement or any other Credit Facility Document upon the occurrence and continuation of an Event of Default and the acceleration of the Obligations under §11.2(c).
- (b) Upon the effective date of termination of this Agreement for any reason whatsoever, all Obligations shall become immediately due and payable and the Borrowers shall immediately arrange for:
 - (1) the cash collateralization of all Bankers' Acceptances;
 - (2) the cash collateralization, or the return for cancellation of all Letters of Credit; and
 - (3) the cancellation, termination or cash collateralization of all cash management and other banking services, Hedging Obligations and credit cards and merchant services with the Lenders, as applicable, then outstanding.
- (c) Until all Obligations are satisfied in full and the Borrowers have complied with the obligations in (b) above, each Credit Party shall remain bound by the terms of this Agreement and the other Credit Facility Documents to which it is a party and shall not be relieved of any of its Obligations hereunder or under any other Credit Facility Document, and the Administrative Agent and the Lenders shall retain all their rights and remedies hereunder and under the other Credit Facility Documents, unless the Borrowers have complied with the foregoing obligation in (b) above and all Obligations payable in cash have been satisfied in full.

13.17 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument, and may be delivered by a party by facsimile, PDF or similar means of recorded communication.

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IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

WESTERN FOREST PRODUCTS INC.

Per: "Stephen Williams"
Name: Stephen Williams
Title: Executive Vice President & CFO

ADMINISTRATIVE AGENT:

ROYAL BANK OF CANADA

Per: "Susan Khohker"
Name: Susan Khohker
Title: Manager, Agency

WESTERN FOREST PRODUCTS US LLC

Per: "Stephen Williams"
Name: Stephen Williams
Title: Executive Vice President & CFO

LENDERS:

ROYAL BANK OF CANADA

Per: "Baljit Mann"
Baljit Mann,
Authorized Signatory

Per: "Curtis Standerwick"
Curtis Standerwick
Authorized Signatory

THE BANK OF NOVA SCOTIA

Per: "Kurt Foellmer"
Name: Kurt Foellmer
Title: Director

Per: "Oliver Hendrick"
Name: Oliver Hendrick
Title: Associate Director

CANADIAN IMPERIAL BANK OF COMMERCE

Per: "Zee Noorani"
Name: Zee Noorani
Title: Authorized Signatory

Per: "Thomas MacGregor"
Name: Thomas MacGregor
Title: Authorize Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION

Per: "John Cantalupo"
Name: John Cantalupo
Title: Senior Vice President

Per: _____
Name:
Title:

THE TORONTO-DOMINION BANK

Per: "Rahim Kabani"
Name: Rahim Kabani
Title: Managing Director

Per: "Ben Montgomery"
Name: Ben Montgomery
Title: Director

SCHEDULE 1

LENDERS, LENDING BRANCHES AND COMMITMENTS

LENDER AND LENDING BRANCH	COMMITMENT
Royal Bank of Canada Main Branch 1025 West Georgia Street Vancouver, B.C. V6E 3N9	Cdn. \$75,000,000
The Bank of Nova Scotia Corporate Banking 1800 – 650 West Georgia Street Vancouver, BC V6B 4N7	Cdn. \$55,000,000
Canadian Imperial Bank of Commerce National Accounts 7th Floor 400 Burrard Street Vancouver, BC, V6C 3A6	Cdn. \$40,000,000
Wells Fargo Bank, National Association 205 108th Avenue NE, Suite 600 Bellevue, Washington 98004	Cdn. \$40,000,000
The Toronto-Dominion Bank Corporate and Investment Banking 17th Floor – 700 West Georgia Street Vancouver, BC V7Y 1B6	Cdn. \$40,000,000
Total	Cdn.\$250,000,000

SCHEDULE 2

ACCOMMODATION REQUEST

TO: Royal Bank of Canada
Attention: Manager, Agency Services Group

FROM: • (the “**Borrower**”)

DATE: •

1. This notice is delivered to you, as Administrative Agent, pursuant to that certain credit agreement dated for reference August 3, 2018, between, inter alia, the Borrowers, Royal Bank of Canada as Administrative Agent and the Lenders referred to therein, as amended, supplemented, restated or replaced from time to time (the “**Credit Agreement**”). All defined terms set forth, but not otherwise defined, in this notice shall have the respective meanings set forth in the Credit Agreement, unless the context requires otherwise.

1) The Borrower hereby requests a Borrowing as follows:

(a) Date

(b) Aggregate amount of Borrowing Cdn. \$ _____
US\$ _____

(c) Type and Amount of Borrowing

i)

				Amount	Converted from (if Applicable)
()	Prime Advance	Rate	Cdn. \$	_____	_____
()	US Base Advance	Rate	US\$	_____	_____
(..)	US Prime Advance	Rate	US\$	_____	_____

- (ii) () Bankers' Acceptances (or BA Equivalent Loans pursuant to §4.11 of the Credit Agreement)

Face Amount	Terms in Months	Rollover Amount	Converted from (if Applicable)
Cdn. \$ _____	_____	Cdn. \$ _____	_____

- (iii) () LIBOR Advance

Amount	Interest Period	Rollover Amount	Converted from (if Applicable)
US\$ _____	_____	US\$ _____	_____

- (iv) Letter of Credit ()

<u>Amount</u>	<u>Maturity Date</u>	<u>Beneficiary</u>
US\$ (or Cdn. \$)		
_____	_____	_____

- 2) In the case of an Accommodation that would increase the aggregate Principal Outstanding, all of the representations and warranties of the Borrower set forth in Article 7 of the Credit Agreement and in every other Credit Facility Document, other than those which by their terms are made only as of a specific date, are true and correct in all material respects as at the date hereof, as though made on and as of the date hereof.
- 3) No Default or Event of Default has occurred and is continuing.

DATED this _____ day of _____, 20__.

•

Per: _____

Title: _____

SCHEDULE 3

FORM OF REPAYMENT/CANCELLATION NOTICE

TO: Royal Bank of Canada
Attention: Manager, Agency Services Group

Re: •

1. This notice is delivered to you, as Administrative Agent, pursuant to that certain credit agreement dated for reference August 3, 2018, between, inter alia, the Borrowers, Royal Bank of Canada as Administrative Agent and the Lenders referred to therein, as amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All defined terms set forth, but not otherwise defined, in this notice shall have the respective meanings set forth in the Credit Agreement, unless the context requires otherwise.

Notice is hereby given in accordance with §___ of the Credit Agreement that the undersigned wishes to cancel the aggregate Commitments by the amount of Cdn. \$_____ effective _____ (date).

Notice is hereby given in accordance with §___ of the Credit Agreement that the undersigned commits to repay the _____ in the amount of US/Cdn. \$_____ on _____, _____.

DATED this _____ day of _____, _____.

•

By: _____

Title: _____

SCHEDULE 4

SUBSIDIARIES

(for purposes of §7.7)

Restricted Subsidiaries	Jurisdiction in which incorporated or amalgamated	% Ownership
Western Lumber Sales Limited	Canada	100
Cascadia Fibre Supply Ltd.	British Columbia	100
Western Forest Products Japan Limited	Japan	100
WFP Partnerships Ltd.	British Columbia	100
WFP Holdings US Inc.	Washington State	100
Western Forest Products US LLC	Washington State	100

SCHEDULE 5

FORM OF ASSIGNMENT

Dated _____, 20__

Reference is made to the credit agreement dated for reference August 3, 2018 (as may be further amended, supplemented, restated or replaced from time to time, the "**Credit Agreement**") among Western Forest Products Inc. and Western Forest Products US LLC as Borrowers, Royal Bank of Canada as Administrative Agent and those institutions whose names are set forth on the execution pages thereof as Lenders. Terms defined in the Credit Agreement are used herein as therein defined.

_____ (the "**Assignor**") and _____ (the "**Assignee**") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee without recourse, and the Assignee hereby purchases and assumes from the Assignor, a Cdn. \$_____ interest in the Commitment and/or and all of the Assignor's related and proportionate rights and obligations under the Credit Agreement and any agreements, documents and instruments delivered pursuant thereto (collectively, the "**Loan Documents**") as of the Effective Date (as defined below) (including, without limitation, such proportionate interest in the Assignor's Commitment as in effect on the Effective Date and the Accommodations made available by the Assignor under the Credit Facility and outstanding on the Effective Date).

2. The Assignor (i) represents and warrants that as of the date hereof its Commitment is Cdn. \$_____ (without giving effect to assignments thereof which have not yet become effective, including, but not limited to, the assignment contemplated hereby); (ii) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim created by it; (iii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto; (iv) makes no representation or warranty and assumes no responsibility with respect to the financial condition of either of the Borrowers or any Affiliate thereof or the performance or observance by the Borrowers or any such Affiliates of any of their respective obligations under the Loan Documents or any other instrument or document furnished pursuant thereto; and (v) gives notice to the Administrative Agent of the assignment to the Assignee hereunder.

3. The effective date of this Assignment (the "**Effective Date**") shall be the later of _____ and the date that is three Business Days after the date on which the Assignor delivers a fully executed copy of this Assignment to the Borrower and the Administrative Agent in accordance with §13.8(d) of the Credit Agreement, and pays the assignment fee in the amount of Cdn. \$5,000 to the Administrative Agent.

4. The Assignee hereby agrees with the Borrowers and the Administrative Agent to make available the specific Commitment(s) in the amount of Cdn. \$_____ and that its Lending Branch is at the

address and telefacsimile number set out after its name on the signature page hereof for the purpose of notices as provided in §13.3 of the Credit Agreement.

5. As of the Effective Date (i) the Assignee shall, in addition to any rights and obligations under the Loan Documents held by it immediately prior to the Effective Date, have the rights and obligations under the Loan Documents that have been assigned to it pursuant to this Assignment and (ii) the Assignor shall, to the extent provided in this Assignment, relinquish its rights and be released from its obligations under the Loan Documents.

6. The Assignor and Assignee shall make all appropriate adjustments in payments under the Loan Documents for periods prior to the Effective Date directly between themselves.

7. This Assignment shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein.

There shall be no novation or re-creation of any of the obligations of the Borrower under any of the Loan Documents by reason of the assignment provided for herein.

[ASSIGNOR]

By: _____
Title

[ASSIGNEE]

By: _____
Title

Address: _____

Attention: _____

Telefax: _____

Approved as of _____, 20____,
(which shall be the Effective Date).

ROYAL BANK OF CANADA
as Administrative Agent

By: _____

The applicable Borrower hereby consents to the foregoing assignment as of the Effective Date
(applicable only where no Event of Default)

Western Forest Products Inc.

By: _____

By: _____

Western Forest Products US LLC

By: _____

By: _____

SCHEDULE 6

FORM OF COMPLIANCE CERTIFICATE

Quarterly Compliance Certificate For the Financial Quarter Ended _____ (the "**Compliance Date**")

Reference is made to the credit agreement dated for reference August 3, 2018 (as may be amended, supplemented, restated or replaced from time to time, the "**Credit Agreement**") among Western Forest Products Inc. and Western Forest Products US LLC as Borrowers, Royal Bank of Canada as Administrative Agent and those institutions whose names are set forth on the execution pages thereof as Lenders. Terms defined in the Credit Agreement are used herein as therein defined.

The undersigned, being a Senior Officer of WFP certifies as follows:

1. As at the Compliance Date:
 - (a) the Consolidated Total Debt to Total Capitalization Ratio was ____:1.0; and
 - (b) Consolidated Net Worth was \$_____ and Adjusted Consolidated Net Worth was \$_____.
2. **[If applicable]** For the Financial Quarter ended on the Compliance Date, the EBITDA Interest Coverage Ratio was ____:1.0.
3. As at the Compliance Date, with respect to the Group Coverage Test:
 - (a) 70% of the consolidated EBITDA of WFP, excluding EBITDA generated by or attributable to Specified Assets were \$ _____; and
 - (b) 80% the assets of WFP on a consolidated basis as publicly reported in the consolidated financial statements of WFP, excluding the book value of Specified Assets were \$_____;which **[confirms/does not confirm]** that:
 - (c) the consolidated EBITDA of WFP, excluding EBITDA generated by or attributable to Specified Assets, was not less than 70% of the amount set out in (a); and
 - (d) the assets of WFP on a consolidated basis as publicly reported in the consolidated financial statements of WFP, excluding the book value of Specified Assets, was not less than 80% of the amount set out in (b).
4. No Default or Event of Default has occurred and is continuing **[• or, if a Default or Event of Default has occurred and is continuing, specify]**.
5. All of the representations and warranties contained in any of the Credit Facility Documents are true and correct in all material respects on and as of the date hereof as though made on such date (unless expressly stated therein to be made on and as of the Closing Date or some other specified date) **[• or, if not so true and correct, specify]**.

The foregoing ratios and percentages were calculated as follows (all amounts in Cdn. \$000's):

Show calculations.

DATED this _____ day of _____, 20____.

•

Per: _____

Name:

Title:

SCHEDULE 7

REQUIRED NOTICE

Prime Rate Advances	1 Business Day
US Base Rate Advances	1 Business Day
US Prime Rate Advances	1 Business Day
Drawings	2 Business Days
LIBOR Advances	3 Business Days
Letters of Credit	2 Business Days
Permanent Reduction of Commitments	5 Business Days
Repayment Notice	5 Business Days

SCHEDULE 8

PROVISIONS OF LETTER OF CREDIT

Each LC Lender hereby undertakes, severally according to the percentage based on such LC Lender's share of the total Commitments under the Credit Facility, as in effect on the Issue Date of this Letter of Credit and as adjusted from time to time thereafter (such percentage, the "**Applicable Percentage**"; the Applicable Percentage in effect on the Issue Date is set forth next to its signature below and shall be deemed to be automatically adjusted upon any change to the Commitments under the Credit Facility of any of the LC Lenders from time to time thereafter) and not jointly with any other LC Lender, that drafts drawn under and in strict compliance with the terms of this Letter of Credit will be duly honored by paying to the Administrative Agent such LC Lender's share (according to its Applicable Percentage) of the amount of such draft. The Administrative Agent hereby undertakes that any amount so received by it will be made available to you by promptly crediting the payment so received, in like funds, in accordance with your instructions.

The obligation of each LC Lender under this Letter of Credit is several and not joint and shall at all times be an amount equal to such LC Lender's Applicable Percentage of the aggregate undrawn amount this Letter of Credit (and of each drawing under this Letter of Credit).

This Letter of Credit has been executed and delivered by the Administrative Agent in the name and on behalf of, and as attorney for, each LC Lender. The Administrative Agent is authorized to act under this Letter of Credit as the agent of each LC Lender in order to (a) receive drafts, other demands for payment and other documents presented by you under this Letter of Credit, (b) determine whether such drafts, demands and documents are in compliance with the terms and conditions of this Letter of Credit and (c) notify such LC Lender that a valid drawing has been made and the date that the related disbursement is to be made. The Administrative Agent undertakes that it will promptly notify each LC Lender of any valid drawing under this Letter of Credit.

By your acceptance hereof, you agree that the Administrative Agent shall have no obligation or liability, other than in its individual capacity as an LC Lender, to honor any drawing under this Letter of Credit and that neither any LC Lender nor the Administrative Agent shall be responsible for the failure of any other LC Lender to make a payment to be made by such other LC Lender hereunder.

This Letter of Credit sets forth in full the terms of our and each LC Lender's undertaking, and such undertaking is not subject to any agreement, requirement or qualification and shall not in any way be amended, modified, amplified or limited by reference to any document, instrument or agreement referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement. The obligation of each LC Lender under this Letter of Credit is the individual obligation of such LC Lender and is in no way contingent upon reimbursement to any drawing hereunder or upon any LC Lender's ability to perfect a lien or security interest.

SCHEDULE 9

EXISTING LETTERS OF CREDIT

1. Letter of Credit #1234-0454 issued by the TD Bank in the principal amount of Cdn \$50,000 issued in the name of Western Forest Products Inc. and for the benefit of the Ministry of Energy and Mines re. reclamation permits.
2. Letter of Credit #76B6KTGUC issued by TD Bank in the principal amount of Cdn \$7,500 issued in the name of Western Forest Products Inc. and for the benefit of Department of Fisheries and Oceans re. Cowichan Bay.
3. Letter of Credit #76BKTGZG issued by TD Bank in the principal amount of Cdn \$10,000 issued in the name of Western Forest Products Inc. and for the benefit of Department of Fisheries and Oceans re. Cowichan Bay.
4. Letter of Credit #SBGT740649 issued by CIBC in the principal amount of Cdn \$100,000 issued in the name of Western Forest Products Inc. and for the benefit of City of Tahsis.
5. Letter of Credit #SBGT734754 issued by CIBC in the principal amount of Cdn \$50,000 issued in the name of Western Forest Products Inc. and for the benefit of the Royal Bank of Canada to secure daily transaction limit and letter of credit lending facility.
6. Letter of Credit #SBGV749421 issued by CIBC in the principal amount of Cdn \$20,000 issued in the name of Western Forest Products Inc. and for the benefit of Fisheries and Oceans Canada re. Fish habitat - Fisheries Act subsection 35(2).
7. Letter of Credit #SBGV751567 issued by CIBC in the principal amount of Cdn \$80,000 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. TFL 44.
8. Letter of Credit #SBGV751569 issued by CIBC in the principal amount of Cdn \$88,942 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. TFL 37.
9. Letter of Credit #SBGV751570 issued by CIBC in the principal amount of Cdn \$23,352 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. TFL 25.
10. Letter of Credit #SBGV751572 issued by CIBC in the principal amount of Cdn \$72,884 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. TFL 19.
11. Letter of Credit #SBGV751574 issued by CIBC in the principal amount of Cdn \$4,718 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. A16847.
12. Letter of Credit #SBGV751575 issued by CIBC in the principal amount of Cdn \$45,492 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. A19231.
13. Letter of Credit #SBGV751576 issued by CIBC in the principal amount of Cdn \$32,625 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. A16845.

14. Letter of Credit #SBGV751577 issued by CIBC in the principal amount of Cdn \$3,422 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. A19244.
15. Letter of Credit #SBGV756713 issued by CIBC in the principal amount of Cdn \$136,200 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. TFL 6.
16. Letter of Credit #SBGV756714 issued by CIBC in the principal amount of Cdn \$168,398 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Forest Revenue Operations re. TFL 39.
17. Letter of Credit #SBGV757467 issued by CIBC in the principal amount of Cdn \$50,000 issued in the name of Western Forest Products Inc. and for the benefit of the Minister of Finance – Land Tenures Branch re. Land Act tenures.
18. Letter of Credit #SBGV759627 issued by CIBC in the principal amount of Cdn \$20,000 issued in the name of Western Forest Products Inc. and for the benefit of the Ministry of Energy and Mines re. Permit G-8-188, Cluxewe Pit, Mine 0800673.
19. Letter of Credit #P336031V04092 issued by the Royal Bank of Canada in the principal amount of Cdn. \$50,000 in the name of Cascadia Forest Products Ltd. And for the benefit of Land and Water B.C. as the Minister for Sustainable Resource Management re. blanket security deposit for crown land tenures.

SCHEDULE 10

REAL PROPERTY

[Redacted – Real Property]

SCHEDULE 11

TIMBER TENURES

[Redacted – Timber Tenures]

SCHEDULE 12

SPECIFIED ASSETS AND ALTERNATIVE INVESTMENT STRUCTURES

[Redacted – Listing of Specified Assets and Alternative Investment Structures]