THIS TERM SHEET made as of September 13, 2013

BETWEEN:

Saskatchewan Power Corporation,

a Saskatchewan Crown Corporation incorporated pursuant to the provisions of

The Power Corporation Act

(hereinafter referred to as "SaskPower")

and

The Manitoba Hydro-Electric Board,

a Manitoba Crown Corporation incorporated pursuant to the provisions of

***The Manitoba Hydro Act*, C.C.S.M. c. H190**

(hereinafter referred to as "MH")

WHEREAS, MH and SaskPower are the owners and operators of electric generation and transmission facilities and both are engaged in the generation, transmission, distribution and sale of electric energy;

AND WHEREAS, MH and SaskPower entered into a Memorandum of Understanding dated October 7, 2011 as amended regarding SaskPower's potential purchase from MH, commencing in approximately 2015, of 25 megawatts of power for delivery over the Manitoba Saskatchewan 115 kV interface (the "**Proposed Transaction**");

AND WHEREAS, the Parties have had discussions relating to the Proposed Transaction and have determined that they wish to continue their discussions with a view to entering into an agreement evidencing the Proposed Transaction consistent with this Term Sheet;

AND WHEREAS this Term Sheet summarizes the principal terms of the Proposed Transaction.

NOW THEREFORE for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged the Parties agree as follows:

INTERPRETATION

1.1 Intent

It is the intent of this Term Sheet that it set out with sufficient particularity the details of the Proposed Transaction so that the Parties may know the general terms of the formal, comprehensive agreement which would establish the rights and obligations of the Parties with respect to the Proposed Transaction which they intend to negotiate between them (the "**Definitive Agreement**"). Other than the Binding Obligations, nothing contained herein shall constitute an agreement between the Parties.

1.2 Defined Terms

Unless otherwise specified in this Term Sheet, all capitalized terms shall have the meanings set forth in Appendix A.

1.3 Interpretation

Unless the context otherwise requires, this Term Sheet shall be interpreted in accordance with the following:

(1) words singular and plural in number shall be deemed to include the other;

(2) any reference in this Term Sheet to any Person includes its successors and assigns;

(3) any reference in this Term Sheet to any section, appendix or schedule means and refers to the section contained in, or appendix or schedule attached to, this Term Sheet;

(4) a reference to a document or agreement, including this Term Sheet, includes a reference to that document or agreement as amended from time to time and includes any exhibits or attachments thereto; and

(5) headings are inserted for convenience only and shall not affect the interpretation of this Term Sheet or any section thereto.

CONTRACT TERM

2.1 Contract Term

The term of the Proposed Transaction shall be from November 1, 2015 through to May 31, 2022; provided, however, if MH has not received all approvals and authorizations required in respect of the construction of the Keeyask Generating Station including MH obtaining an Order in Council of the Lieutenant Governor (Manitoba) approving the construction of the Keeyask Generating Station by June 30, 2015, MH shall have the option, to be exercised in MH's sole and absolute discretion, on written notice to SaskPower, on or before June 30, 2015, to change the end date of the Contract Term to October 31, 2020 and if such notice is given the term "Contract Term" shall, upon receipt

of such notice by SaskPower, mean November 1, 2015 to October 31, 2020 (the "**Contract Term**").

SUPPLY AND PURCHASE OBLIGATIONS

3.1 System Capacity

(1) Subject to the terms and conditions of the Definitive Agreement, during each month of the Contract Term, MH shall make available to SaskPower 25 MW of System Capacity for which SaskPower shall pay the Monthly Capacity Payment in accordance with Section 6.1 and 6.3. For greater certainty the System Capacity made available to SaskPower shall not include generation reserves.

(2) MH shall covenant that:

(a) it shall make available the 25 MW of System Capacity from MH's resources that are listed in Appendix "B" as may be modified from time to time by MH to add additional resources or to delete resources that have been retired from MH's system by MH giving notice to SaskPower; and

(b) it shall not sell the 25 MW of System Capacity to be sold to SaskPower during the Contract Term to any Person.

3.2 Firm Energy

(1) Subject to the terms and conditions of the Definitive Agreement, MH shall sell and deliver to SaskPower and SaskPower shall purchase and take delivery from MH Firm Energy in each Contract Year during the Contract Term Scheduled in accordance with Section 4.2.

(2) **[TRADE SECRET DATA EXCISED]**

(3) If MH does not sell and deliver to SaskPower any Schedules of Firm Energy and such failure is not excused under the Definitive Agreement and is not excused by SaskPower's failure to perform or such failure is the result of circumstances provided for in section 4.7 "Seller's Failure Provisions" then such failure shall constitute an MH failure to perform or observe its material obligations as set forth in section (1)(b) "MH Events of Default" of Schedule 1 to this Term Sheet.

(4) Subject to the terms and conditions of the Definitive Agreement the Firm Energy purchased and sold for each Contract Year during the Contract Term shall be in the following quantities:

Contract Year	Firm Energy in MWh calculated on the basis of the Capacity Factor
November 1, 2015 – May 31, 2016	85,200
June 1, 2016 - May 31, 2017	146,000
June 1, 2017 - May 31, 2018	146,000
June1, 2018 - May 31, 2019	146,000
June1, 2019 - May 31, 2020	146,400
June1, 2020 - May 31, 2021	146,000
June1, 2021 - May 31, 2022	146,000

[TRADE SECRET DATA EXCISED]

(5) MH, in its sole discretion, shall have the right but not the obligation, to source and supply Firm Energy from third party purchases and/or Markets available to MH.

(6) Firm Energy is subject to provisions with respect to curtailment and Adverse Water Conditions outlined in this Term Sheet.

3.3 Delivery Point

The Delivery Point is the location where the title to and risk of loss of Firm Energy transfers from MH to SaskPower.

SCHEDULING AND DELIVERY

4.1 Transmission

(1) SaskPower and MH shall take all steps necessary for the construction and interconnection of any transmission facilities, transmission facilities upgrades and any other facilities required to provide Firm Transmission Service. SaskPower shall be responsible for and shall pay any and all costs associated with transmission facilities, transmission facilities upgrades and any other facilities required to provide the Firm Transmission Service on the Saskatchewan side of the Delivery Point for receiving the Firm Energy and accepting System Capacity. MH shall be responsible for and shall pay any and all costs associated with transmission facilities, transmission facilities upgrades and any other facilities required to provide the Firm Transmission Service on the Manitoba side of the Delivery Point for the delivery of the Firm Energy and making available System Capacity.

(2) MH shall arrange and pay for Firm Transmission Service for the delivery of the Firm Energy and making available System Capacity pursuant to the Proposed Transaction to the Delivery Point.

(3) SaskPower shall arrange and pay for Firm Transmission Service for receiving the Firm Energy and accepting System Capacity pursuant to the Proposed Transaction from the Delivery Point.

4.2 Scheduling

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4.3 Curtailments

The Definitive Agreement shall contain curtailment provisions which shall be based upon the following:

(1) MH's Right to Curtail, Restrict or Reduce

MH shall have the right to curtail, restrict, or reduce the sale and supply of any of the Firm Energy in accordance with any of the following provisions:

(a) during any period(s) of time during the Contract Term, if MH's ability to purchase power is restricted or all or a portion of MH's generating facilities are unavailable due to:

(i) forced outages of one or more generating unit(s); or

(ii) derates of one or more generating unit(s) caused by low water flow or other reason; or

(iii) the unavailability of generation outlet capacity caused by a forced outage or derate of MH's high voltage direct current transmission system; or

(iv) scheduled outages of generating unit(s) or MH's high voltage direct current transmission system, to the extent that such scheduled outages are reasonably necessary to avoid equipment damage to facilities or to avoid the deferral of normal or scheduled maintenance beyond that consistent with Good Utility Practice,

and to the extent that MH's ability to purchase power and/or to the extent that outages referred to herein cause MH to have insufficient energy to serve MH's Energy Commitments, the Firm Energy may be curtailed, restricted or reduced by MH by the amount determined after application of the Priority Criteria;

(b) during any period(s) of time during the Contract Term to the extent an event of Force Majeure otherwise precludes MH's ability to make, or to continue to make available any of the Firm Energy in accordance with this Proposed Transaction, the Firm Energy may be curtailed, restricted or reduced by MH by the amount determined after application of the Priority Criteria; or

(c) to the extent necessary to avoid curtailing, restricting or reducing service to MH's End-Use Load.

MH shall advise SaskPower of any events identified in Section 4.3 as soon as reasonably possible. The notification shall include the beginning and end of the event, the number of MWh impacted and a description of the nature of the event.

(2) Limiting and Overcoming Curtailments

In the event of the exercise by MH of the right to curtail, restrict or reduce any of the Firm Energy, MH shall:

(i) exercise that right only for an amount and for the applicable time period(s), after application of the Priority Criteria, that MH determines is necessary in according with Good Utility Practice to respond to the circumstance giving rise to this right to curtail, restrict or reduce any of the Firm Energy; and

(ii) exercise Good Utility Practice to overcome the circumstances giving rise to this right, provided however that SaskPower hereby acknowledges and agrees that the exercise of Good Utility Practice would not obligate MH to make additional purchases of energy from a third party and/or the Markets.

(3) Curtailment Priority Criteria

In the event of the exercise by MH of the right granted to curtail, restrict or reduce any of the Firm Energy to be supplied, then the following priority criteria (the "**Priority Criteria**") shall be used by MH to determine the amount of any of the Firm Energy for the applicable time period(s) that shall be subject to curtailment, restriction or reduction:

(i) MH's End-Use Load shall have priority over all other power and energy sales of MH;

(ii) any energy sale by MH that is associated with capacity and is not part of MH's End-Use Load shall take priority over all other power and energy sales of MH, except for MH's End-Use Load;

(iii) all of those MH energy sales described as "Firm LD Energy Sales" and those MH energy sales described as "Firm Energy Sales" shall take priority over all other energy sales of MH except those referred to in (i) and (ii) above;

(iv) all other energy sales by MH except those referred to in (i), (ii) and (iii) above; and

(v) in the event that more than one power or energy sale of the same types referred to in (ii), (iii), and (iv) of this Section 4.3(3) exists, curtailment with respect to such power or energy sales shall be determined on a pro rata basis.

The Firm Energy is an energy sale described in paragraph (ii) above.

MH shall provide to SaskPower a report on an annual basis with respect to energy sales of the same type (ii) above the details of which shall be set out in the Definitive Agreement.

4.4 Transmission Provider Curtailments

(1) In the event that the actions of any Transmission Provider(s) result in the reduction or curtailments of the Firm Transmission Service designated, allocated or required for the delivery or the receiving of the Firm Energy, the Firm Energy that is to be supplied by MH and received by SaskPower shall be curtailed, restricted or reduced in accordance with the provisions of the applicable Transmission Provider's OATT.

(2) In the event either MH's Transmission Provider or SaskPower's Transmission Provider ceases to have an OATT, curtailment or reduction of the Firm Energy schedules hereunder in order to maintain the reliable operation of the interconnected AC transmission system, shall be implemented exclusively in accordance with this Section. Curtailment of energy deliveries under this Section to accommodate such events shall be implemented until the required amount of loading relief has been obtained once the following actions have been undertaken, in the order specified: (a) all transmission service or transactions, that are lower than the Firm Transmission Service, which contribute to the condition requiring curtailment shall be curtailed first; (b) the curtailing Party shall, where possible, redispatch its generation system to continue the schedules hereunder consistent with producing the desired loading mitigation upon the congested facility(s); and (c) to the extent all transactions identified in clause (a) of this Section 4.4(2) are curtailed and system redispatch is not possible or sufficient to produce the necessary mitigation that would avoid curtailment of the schedules under this Proposed Transaction, the transaction curtailment priority used by MH relative to all uses of such AC transmission system at the time shall be implemented in a comparable and non-discriminatory manner.

4.5 Adverse Water Conditions

(1) **[TRADE SECRET DATA EXCISED]**

(2) If MH provides the notice referred to in Section 4.5(1):

(a) **[TRADE SECRET DATA EXCISED]**

(b) during the Adverse Water Conditions, MH shall provide weekly written progress reports on the status of the Adverse Water Conditions;

(c) MH shall provide prompt written notice to SaskPower once the Adverse Water Conditions end; and

(d) **[TRADE SECRET DATA EXCISED]**

4.6 Buyer Failure Provisions

SaskPower's failure to receive and purchase all or any part of the Firm Energy shall not be excused in the event that SaskPower or an Affiliate of SaskPower:

(i) enters into a transaction with another Person including an Affiliate to purchase energy; or

(ii) schedules energy on other firm transmission service sinking at the Delivery Point;

and such transaction or firm transmission service schedule results in a transmission curtailment or scheduling reduction of the Firm Transmission Service for the delivery of the Firm Energy.

4.7 Seller's Failure Provisions

MH's failure to deliver and sell all or any part of the Firm Energy shall not be excused in the event that MH or an Affiliate of MH:

(i) enters into a transaction with another Person including an Affiliate to sell energy; or

(ii) schedules energy on other firm transmission service sinking at the Delivery Point;

and such transaction or firm transmission service schedule results in a transmission curtailment or scheduling reduction of the Firm Transmission Service for the delivery of the Firm Energy.

ENVIRONMENTAL ATTRIBUTES

5.1 Environmental Attributes of Energy

(1) The parties acknowledge and agree MH shall retain all of the Environmental Attributes associated with the Firm Energy that shall be supplied and sold by MH under this Proposed Transaction. The price paid for the Firm Energy does not include any value in respect of or related to the Environmental Attributes.

(2) The parties acknowledge that for environmental reporting purposes, the Environmental Attributes of the Firm Energy is electrical energy which is not sourced from any specific generating resource. Without limiting the generality of the foregoing, except to the extent otherwise required by any applicable laws, the

Parties acknowledge and agree that for environmental reporting purposes the Parties shall not report that the Firm Energy is sourced from MH.

(3) In the event that any Environmental Attributes associated with the Firm Energy that were to be retained by MH pursuant to this Section, including any form of credits are, notwithstanding the aforesaid provisions, received by SaskPower, SaskPower agrees to assign and transfer the said Environmental Attributes to MH in such manner as MH may request, acting reasonably, and cooperate with MH in making any required filing with any person. MH shall reimburse SaskPower for SaskPower's costs with respect to any such assignment and transfer of said Environmental Attributes. In the event applicable laws or rules governing any applicable market prevents or restricts the said assignment or transfer of the said Environmental Attributes from SaskPower to MH, in a form that is acceptable to MH, acting reasonably, SaskPower agrees to pay to MH, at a price mutually agreed, the value of the said Environmental Attributes received by SaskPower. In the event that the Parties are unable to agree upon the price to be paid for the said Environmental Attributes within a reasonable period of time, SaskPower shall pay the Environmental Attributes Fair Market Value of the said Environmental Attributes received by SaskPower. In addition, where SaskPower is to pay MH for the Environmental Attributes MH will execute all such documentation and take all such steps as SaskPower may reasonably request in order to establish SaskPower's ownership of the Environmental Attributes. Once SaskPower pays MH for the Environmental Attributes MH will have no further rights to the Environmental Attributes.

(4) MH shall not be obligated to manage the supply of the Firm Energy in any particular manner, nor shall this Proposed Transaction restrict or limit MH to any specific type(s) of generating resources, used to supply the Firm Energy (including energy obtained from third party purchases and/or the markets available to MH, regardless of the generation type used by the third party of which generating resources may have been attributable to the energy accessed through the markets), nor shall any provision in the Proposed Transaction constitute a representation or warranty by MH that the Firm Energy is supplied from a particular generating resource, including renewable resources.

PRICING AND BILLING

6.1 System Capacity Pricing and Monthly Capacity Payment

The price for System Capacity stated in Canadian dollars per MW-month (the "**Capacity Price**") applicable for each calendar month during a given Contract Year shall be **[TRADE SECRET DATA EXCISED]**

The monthly payment for the System Capacity shall be calculated as follows: **[TRADE SECRET DATA EXCISED]**

(the **"Monthly Capacity Payment"**)

where:

[TRADE SECRET DATA EXCISED]

6.2 Energy Pricing and Monthly Energy Payment

The price for Firm Energy stated in Canadian dollars per MWh (the "**Firm Energy Price**") for each applicable hour during a given Contract Year shall be **[TRADE SECRET DATA EXCISED]**

The monthly payment for the energy shall be **[TRADE SECRET DATA EXCISED]** (the **"Monthly Energy Payment"**)

where:

[TRADE SECRET DATA EXCISED]

6.3 Billing

All dollar amounts set forth in this Term Sheet, monetary transactions, and cost calculations between MH and SaskPower shall be determined and stated in lawful money of Canada. MH shall invoice SaskPower for amounts payable pursuant to the Proposed Transaction and SaskPower shall pay said invoices upon terms to be set forth in the Definitive Agreement.

DEFINITIVE AGREEMENT TERMS

7.1 Definitive Agreement Terms

The Definitive Agreement shall contain provisions including, without limitation, the following:

(1) Conditions Precedent

The Definitive Agreement shall be subject to the following conditions precedent:

(a) each Party receiving requisite permits and approvals including, without limitation, the following:

(i) in the case of MH, the MH Board of Directors and the Lieutenant Governor in Council of Manitoba; and

(ii) in the case of SaskPower, SaskPower's Executive and SaskPower's Board of Directors;

(b) each Party arranging Firm Transmission Service as follows:

(i) MH arranging the Firm Transmission Service required to supply the Firm Energy to the Delivery Point for the Contract Term; and

(ii) SaskPower arranging the Firm Transmission Service required to receive the Firm Energy from the Delivery Point;

(2) Force Majeure

The Definitive Agreement shall contain mutually agreeable force majeure provisions.

(3) Default and Termination Provisions

The Definitive Agreement shall contain default and termination provisions substantially in form attached hereto as Schedule 1.

(4) Limitation of Liability

The Definitive Agreement shall contain limitation of liability provisions substantially in form attached hereto as Schedule 2.

TERMINATION

8.1 Termination for Convenience

This Term Sheet may be terminated and the discussions contemplated hereby may be abandoned or terminated at any time by either Party by written notice delivered to the other Party. This Term Sheet and the discussions contemplated hereby shall be deemed to be terminated on the date the said notice is received.

8.2 Other Termination

This Term Sheet shall be deemed to be terminated:

(a) immediately upon the execution of the Definitive Agreement, or

(b) on June 30, 2014 in the event that the Definitive Agreement is not executed by June 30, 2014 unless such date is extended by mutual agreement.

GENERAL

9.1 Interconnection Agreement

The Parties agree that there may be negotiations with respect to special provisions related to the applicability of the Interconnection Agreement made between the Parties dated January 25, 1972.

9.2 Confidentiality

The Parties acknowledge and agree that this Term Sheet and all information disclosed by either Party to the other Party pursuant to this Term Sheet shall be deemed to be "Proprietary Information" as that term is defined in the mutual non-disclosure agreement dated February 5, 2009 and shall be subject to the provisions of the said mutual non-disclosure agreement.

9.3 Effect of Term Sheet

This Term Sheet contains an outline of principal terms of the Proposed Transaction only and, except for Sections 8.1, 8.2 and 9.2 to 9.9 inclusive (collectively, the "**Binding Obligations**") shall not be legally binding upon either Party hereto. It is agreed that, with the exception of the Binding Obligations, no agreement has been reached by the Parties with respect to the subject matter of the Proposed Transaction. Accordingly, except for the Binding Obligations, if for any reason whatsoever the Definitive Agreement is not executed, neither Party hereto shall be entitled to any form of relief whatsoever relating to the Proposed Transaction, including, without limitation, injunctive relief or damages. The Binding Obligations shall be binding upon and enforceable against the Parties and their successors and permitted assigns and shall survive the termination of this Term Sheet.

9.4 Authority

Each Party represents and warrants that it is duly authorized and has all necessary power and authority to execute and deliver this Term Sheet and to perform its obligations hereunder.

9.5 Independent Functioning

The Parties shall comply with their respective OATT standards of conduct.

9.6 Assignment

Neither Party may transfer or assign its rights or obligations hereunder without the prior written consent of the other Party.

9.7 Relationship

This Term Sheet does not create any agency, partnership or joint venture relationship between the Parties.

9.8 Governing Law

The provisions of this Term Sheet shall be governed by the laws of Manitoba and the laws of Canada.

9.9 Counterparts

This Term Sheet may be signed in two or more counterparts, any one of which need not contain the signature of more than one party, but all such counterparts taken together will constitute one and the same agreement.

AND WITNESS WHEREOF the Parties have caused this Term Sheet to be signed as of the Effective Date.

THE MANITOBA HYDRO-ELECTRIC BOARD

By:_____
A.D. Cormie
Division Manager
Power Sales & Operations

I Have Authority to Bind
The Manitoba-Hydro Electric Board

SASKATCHEWAN POWER CORPORATION

BUSINESS APPROVED

By: _____ _____
Robert Watson, President and CEO Date

Legal Reviewed

By: _____ _____
Rachelle Verret Morphy, Assistant Secretary Date

I Have the Authority to Bind Saskatchewan Power Corporation

APPENDIX A TO THE TERM SHEET BETWEEN SASKATCHEWAN POWER CORPORATION AND THE MANITOBA HYDRO-ELECTRIC BOARD MADE AS OF SEPTEMBER 13, 2013

DEFINED TERMS

[TRADE SECRET DATA EXCISED]

"Adverse Water Conditions" shall mean **[TRADE SECRET DATA EXCISED]**

"Affiliate" shall mean any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with SaskPower or MH and shall include a wholly owned subsidiary of SaskPower or MH.

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[TRADE SECRET DATA EXCISED]

"Binding Obligations" shall have the meaning set forth in Section 9.3.

"Capacity Factor" shall mean the ratio where the numerator is sixteen (16) and the denominator is twenty-four (24);

"**Capacity Price**" shall have the meaning set forth in Section 6.1.

"**Contract Term**" shall have the meaning set forth in Section 2.1.

"Contract Year" shall mean a twelve (12) month period beginning June 1 and continuing to May 31 of the following calendar year with the exception of the first Contract Year which shall mean the seven (7) month period beginning November 1, 2015 continuing to May 31, 2016.

"**Definitive Agreement**" shall have the meaning set forth in Section 1.1.

"**Delivery Point"** shall mean the point or points where the transmission interconnections between the province of Manitoba and the province of Saskatchewan which, as of the Effective Date, are known as lines I1F and I2F cross the provincial boundary between the province of Manitoba and the province of Saskatchewan.

"**Effective Date**" shall mean September 13, 2013.

"**Environmental Attributes**" shall mean the rights to any existing or future environmental benefits or attributes, credits, renewable characteristics, avoided emissions, avoided greenhouse gas emissions, emission reductions, emissions or greenhouse gas emissions associated with, related to or derived or resulting from the generation of electricity.

"Environmental Attributes Fair Market Value" shall mean the value to be attributed to Environmental Attributes as applicable that shall be determined by the parties in good faith, by each party obtaining a quote from a leading environmental commodities broker in the relevant North American environmental attributes market that is independent of either party, and using the average of the two quotes obtained.

"Firm Energy" shall mean the annual amount of electrical energy measured in MWh for the applicable Contract Year calculated by multiplying 25 MW by the number of hours in that Contract Year and thereafter multiplying the product by the Capacity Factor.

"**Firm Energy Price**" shall have the meaning set forth in Section 6.2.

[TRADE SECRET DATA EXCISED]

"**Firm Point-to-Point Transmission Service**" shall have the meaning set forth in the applicable OATT.

"**Firm Transmission Service**" shall mean transmission service provided pursuant to the OATT of either Party's Transmission Provider being either Firm Point-to-Point Transmission Service or Network Integration Transmission Service or the highest priority transmission service available pursuant to either Party's OATT, or in the event that either Party does not have an OATT, the highest priority transmission service available to that Party for delivery of energy and the supply of capacity which transmission service shall be used for the delivery and receipt of the Firm Energy.

"Force Majeure" shall mean an event or circumstance that prevents one Party from performing its obligations under the Proposed Transaction that is not within the reasonable control of, or the result of the negligence of, the claiming Party, and that, by the exercise of Good Utility Practice, the claiming Party is unable to overcome or avoid or cause to be avoided, including but not restricted to, acts of God, **[TRADE SECRET DATA EXCISED]** strikes, lockouts and other industrial disturbances, epidemics, war (whether or not declared), blockades, acts of public enemies, acts of sabotage or terrorism, civil insurrection, riots and civil disobedience, explosions, acts or omissions of any governmental authority taken after the Effective Date (including the adoption or change in any law or regulation or environmental constraints lawfully imposed by such governmental authority) but only if such action or inaction by such governmental authority prevents or delays performance and renders the Party unable, despite due diligence, to obtain any licenses, permits, or approval required by any governmental authority, and the issuance of any order, injunction, or other legal or equitable decree interfering with the performance of a Party's obligations hereunder.

"Good Utility Practice" shall mean, at any particular time, any of the practices, methods, and acts engaged in or approved by a significant portion of the hydro-electric utilities located in North America during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time a decision is made, could be expected to produce the desired result at a reasonable cost consistent with reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum

practice, method or act to the exclusion of all others, but includes a range of acceptable practices, methods, or acts.

"**Market**" shall mean:

(a) a centrally operated structure or structures bringing together buyers and sellers to facilitate the exchange of wholesale electricity products and/or related services; and/or

(b) the wholesale purchase and sale of electricity products and/or related services on a bilateral basis.

"MH's End-Use Load" shall mean: (a) the total load of Persons that purchase electric service from MH for their own consumption in the province of Manitoba and not for resale including any portion of that Person's load that may from time to time not be supplied by MH but may be produced by that Person; and (b) certain sales to Persons located in provinces and states adjacent to the province of Manitoba in circumstances whereby electric service to those locations is not otherwise readily available from other power suppliers or becomes separated due to forced outages, planned outages, or scheduled outages by the applicable Transmission Provider, from the said province or state adjacent to the province of Manitoba and requires electric service to be provided by MH until electric service is restored.

"**MH's Energy Commitments**" shall mean the energy required by MH to serve the total of any of the following obligations of MH: (a) MH's End-Use Load; or (b) MH's End-Use Load and all energy sales by MH that are associated with planning capacity; or (c) MH's End-Use Load, all energy sales by MH that are associated with planning capacity, and all energy sales that are not associated with planning capacity including all of those sales described as "Firm LD Energy Sales" and "Firm Energy Sales".

"MH's System" shall mean MH's electrical generation facilities that are either owned and operated or operated by MH and capacity and/or energy, purchased by MH from Persons, including from Markets outside the province of Manitoba.

"**Monthly Capacity Payment**" shall have the meaning set forth in Section 6.1.

"**Monthly Energy Payment**" shall have the meaning set forth in Section 6.2.

"Monthly Schedule" shall have the meaning set forth in Section 4.2(1).

"**Network Integration Transmission Service**" shall have the meaning set forth in the applicable OATT.

"**OATT**" shall mean a transmission tariff as it may be in effect from time to time that: (a) in the case of both SaskPower's Transmission Provider and MH's Transmission Provider, provides reciprocal open access transmission service; and (b) in the case of a third party, has been filed with and accepted by FERC as complying with FERC's then current open access transmission, comparability, and non-discrimination requirements, or provides reciprocal open access transmission service so as to entitle such entity to transmit electricity with entities whose transmission tariff has been filed with and accepted by FERC as a transmission tariff.

"Party" shall mean either SaskPower or MH and "**Parties**" shall mean both SaskPower and MH.

[TRADE SECRET DATA EXCISED]

"**Person**" shall mean an individual, partnership, corporation, trust, unincorporated association, syndicate, joint venture, or other entity or governmental authority.

"**Priority Criteria**" shall have the meaning set forth in Section 4.3(3).

"Proposed Transaction" shall have the meaning set forth in the preamble to this Term Sheet.

[TRADE SECRET DATA EXCISED]

[TRADE SECRET DATA EXCISED]

"**Schedule**" or **"Scheduling**" shall mean the actions of the Parties, and their designated representatives, of notifying, requesting, and confirming to each other the quantity of the Firm Energy in whole MWh to be delivered on any given day or days during the Contract Term.

"**Scheduled**" or **"Schedules"** shall mean the result of Scheduling.

"System Capacity" shall mean the amount representing the instantaneous rate at which energy can be supplied from MH's System measured in MW.

"**Transmission Provider(s)**" shall mean, collectively, the Person or Persons as applicable who direct the operation of the contiguously interconnected electric transmission and sub-transmission facilities, including land rights, material, equipment and facilities owned, controlled, directed, and or operated by the Transmission Provider(s) that transmits and distributes electrical energy.

APPENDIX B TO THE TERM SHEET BETWEEN SASKATCHEWAN POWER CORPORATION AND THE MANITOBA HYDRO-ELECTRIC BOARD MADE AS OF SEPTEMBER 13, 2013

MH'S RESOURCES

Hydraulic Generation Facilities
Pointe du Bois
Slave Falls
Seven Sisters
McArthur
Great Falls
Pine Falls
Grand Rapids
Laurie River I
Laurie River II
Jenpeg
Kelsey
Kettle
Long Spruce
Limestone
Wuskwatim

Gas Generation Facilities
Brandon Unit 6
Brandon Unit 7
Selkirk

Wind Energy Facilities
St. Leon Wind PPA
St. Joseph Wind PPA
St. Leon II Wind PPA

SCHEDULE 1 TO THE TERM SHEET BETWEEN SASKATCHEWAN POWER CORPORATION AND THE MANITOBA HYDRO-ELECTRIC BOARD MADE AS OF SEPTEMBER 13, 2013

This schedule contains draft language with respect to default and termination provisions. It is the intention of the Parties that language substantially in the form contained herein shall be incorporated into the Definitive Agreement. It is understood by MH that SaskPower may introduce into Definitive Agreement negotiations certain extended cure period concepts and concepts related to time limits for exercising termination rights in the event of an Event of Default or a Termination Event -- given the security of supply aspects related to Proposed Transaction. The Parties also acknowledge that there may be introduced into negotiations the concept of time periods for exercising Termination Event termination rights and related provisions in respect of Termination Events.

EVENTS OF DEFAULT AND TERMINATION

(1) MH Events of Default Defined

If any of the following events, conditions, or circumstances shall occur with respect to MH (each an "**MH Event of Default**"):

(a) the failure of MH to make any payment to SaskPower as and when required by this Agreement if such amount remains unpaid for a period of five (5) Business Days after the date MH receives written notice from SaskPower that the amount is overdue;

(b) the failure by MH to perform or observe any of its material obligations under this Agreement, that is not excused by an event of Force Majeure, other than obligations for the payment of money or obligations the failure to perform which constitutes a separate MH Event of Default, if such failure is not remedied (including the payment by MH to SaskPower of direct damages that accrued to SaskPower in respect of such failure) within thirty (30) calendar days after written notice thereof shall have been given by SaskPower;

(c) the insolvency or bankruptcy of MH or the inability or admission in writing of the inability of MH to pay its debts as they mature, or the making of a general assignment for the benefit of, or entry into any contract or arrangement with, the creditors of MH;

(d) the application for, or consent (by admission of material allegations of a petition or otherwise) to, the appointment of a receiver, trustee or liquidator for MH for all or substantially all of its assets, or its authorization of such application or consent, or the commencement of any proceedings seeking such appointment against it without such authorization, consent or application, which proceedings continue undismissed or unstayed for a period of thirty (30) calendar days;

(e) the authorization or filing by MH of a voluntary petition in bankruptcy with itself as the debtor, or the application for or consent (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction by MH with itself as the debtor or the institution of involuntary bankruptcy, reorganization, readjustment of debt, insolvency, dissolution or liquidation proceedings against MH as debtor without such authorization, application or consent, which proceedings remain undismissed or unstayed for thirty (30) calendar days or which result in adjudication of bankruptcy or insolvency within such time;

(f) MH consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganizes or reincorporates or reconstitutes into or as another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganization, reincorporation or reconstitution, the resulting, surviving or transferee entity fails to assume, if applicable, all the obligations of MH under this Agreement to which it or its predecessor was a party;

(g) any material representation or warranty made by MH in this Agreement is proven to have been false in any material respect when made, and which falsity has had, or could reasonably be expected to have, a material adverse impact on SaskPower's rights under this Agreement or on MH's ability to perform its obligations under this Agreement,

then, and in any such event, and as long as such MH Event of Default has not been cured (including the payment of damages that had accrued to SaskPower in respect of such MH Event of Default) in accordance with this Agreement, if applicable, SaskPower shall have all the rights and remedies available to it at law or in equity, including the right to terminate this Agreement by written notice to MH in accordance with Section ●.

(2) <u>SaskPower Events of Default Defined</u>

If any of the following events, conditions, or circumstances shall occur with respect to SaskPower (each a "**SaskPower Event of Default**"):

(a) the failure of SaskPower to make any payment to MH as and when required by this Agreement if such amount remains unpaid for a period of five (5) Business Days after the date SaskPower receives written notice from MH that the amount is overdue;

(b) the failure by SaskPower to perform or observe any of its material obligations under this Agreement, that is not excused by an event of Force Majeure, other than obligations for the payment of money or obligations the failure to perform which constitutes a separate SaskPower Event of Default, if such failure is not remedied (including the payment by SaskPower to MH of direct damages that accrued to MH in respect of such failure) within thirty (30) calendar days after the date written notice thereof shall have been given by MH;

(c) the insolvency or bankruptcy of SaskPower or the inability or admission in writing of the inability of SaskPower to pay its debts as they mature, or the making of a general assignment for the benefit of, or entry into any contract or arrangement with, the creditors of SaskPower;

(d) the application for, or consent (by admission of material allegations of a petition or otherwise) to, the appointment of a receiver, trustee or liquidator for SaskPower for all or substantially all of its assets, or its authorization of such application or consent, or the commencement of any proceedings seeking such appointment against it without such authorization, consent or application, which proceedings continue undismissed or unstayed for a period of thirty (30) calendar days;

(e) the authorization or filing by SaskPower of a voluntary petition in bankruptcy with itself as the debtor, or the application for or consent (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction by SaskPower with itself as the debtor or the institution of involuntary bankruptcy, reorganization, readjustment of debt, insolvency, dissolution or liquidation proceedings against SaskPower as debtor without such authorization, application or consent, which proceedings remain undismissed or unstayed for thirty (30) calendar days or which result in adjudication of bankruptcy or insolvency within such time;

(f) SaskPower consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganizes or reincorporates or reconstitutes into or as another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganization, reincorporation or reconstitution, the resulting, surviving or transferee entity fails to assume, if applicable, all the obligations of SaskPower under this Agreement to which it or its predecessor was a party; or

(g) any material representation or warranty made by SaskPower in this Agreement is proven to have been false in any material respect when made, and which falsity has had, or could reasonably be expected to have, a material adverse impact on MH's rights under this Agreement or on SaskPower's ability to perform its obligations under this Agreement,

then, and in any such event, and as long as such SaskPower Event of Default has not been cured (including the payment of damages that had accrued to MH in respect of such SaskPower Event of Default) in accordance with this Agreement, if applicable, MH shall have all the rights and remedies available to it at law or in equity, including the right to terminate this Agreement by written notice to SaskPower in accordance with Section ●.

(3) Right to Terminate following an MH Event of Default

If at any time an MH Event of Default has occurred and is then continuing, SaskPower may, by written notice to MH specifying the relevant MH Event of Default, designate the day that is twenty (20) calendar

days after the day such notice is effective as the date this Agreement is terminated prior to the expiry of the Contract Term and shall be able to exercise any other remedies available to it at law or in equity. For greater certainty, once the said notice has been delivered to MH this Agreement will terminate on the said designated early termination date, notwithstanding any attempts by MH to remedy or otherwise cure the MH Event of Default, unless SaskPower has in its sole discretion determined it will rescind the said termination of this Agreement and delivers a written notice to MH expressly rescinding the termination of this Agreement prior to the said early termination date.

(4) Right to Terminate following a SaskPower Event of Default

If at any time a SaskPower Event of Default has occurred and is then continuing, MH may, by written notice to SaskPower specifying the relevant SaskPower Event of Default, designate the day that is twenty (20) calendar days after the day such notice is effective as the date this Agreement is terminated prior to the expiry of the Contract Term and shall be able to exercise any other remedies available to it at law or in equity. For greater certainty, once the said notice has been delivered to SaskPower this Agreement will terminate on the said designated early termination date, notwithstanding any attempts by SaskPower to remedy or otherwise cure the SaskPower Event of Default, unless MH has in its sole discretion determined it will rescind the said termination of this Agreement and delivers a written notice to SaskPower expressly rescinding the termination of this Agreement prior to the said early termination date.

(5) Suspension of Performance and Remedies following an MH Event of Default

Notwithstanding any other provision of this Agreement, if an MH Event of Default has occurred, and is continuing, SaskPower, upon notice to MH, shall have the right:

(a) to suspend performance under this Agreement; provided, however, in no event shall any such suspension continue for longer than ten (10) Business Days unless SaskPower has provided written notice to MH pursuant to and in accordance with Section ● terminating this Agreement; and

(b) to exercise any remedies available at law or in equity.

(6) Suspension of Performance and Remedies following a SaskPower Event of Default

Notwithstanding any other provision of this Agreement, if a SaskPower Event of Default has occurred, and is continuing, MH, upon notice to SaskPower, shall have the right:

(a) to suspend performance under this Agreement; provided, however, in no event shall any such suspension continue for longer than ten (10) Business Days unless MH has provided written notice to SaskPower pursuant to and in accordance with Section ● terminating this Agreement; and

(b) to exercise any remedies available at law or in equity.

TERMINATION EVENTS

(1) MH Termination Events

MH has the right, but not the obligation, to terminate this Agreement when and in the manner described in this Section ●(2) following an occurrence of any of the events, conditions or circumstances specified below (each an "**MH Termination Event**"); provided however, if such event, condition, or circumstance constitutes an MH Event of Default, then the Parties' rights and obligations shall be governed by Section ●:

(a) immediately upon providing written notice to SaskPower, if, after giving effect to any applicable provisions in this Agreement, either Party is by reason of Force Majeure prevented from complying with any material provision of this Agreement for a period of 180 aggregate calendar days.

(2) Right of MH to Terminate Following an MH Termination Event

If an MH Termination Event occurs, MH shall, promptly upon becoming aware of it, notify SaskPower, specifying the nature of that MH Termination Event and shall give SaskPower such other information about that MH Termination Event as SaskPower may reasonably require. If an MH Termination Event has occurred and is then continuing, MH may, by providing written notice to SaskPower, designate a Business Day not earlier than the day such notice is given as an Early Termination Date.

(3) SaskPower Termination Event

SaskPower has the right, but not the obligation, to terminate this Agreement when and in the manner described in this Section ● following an occurrence the event, condition or circumstance specified below (each an "**SaskPower Termination Event**"); provided however, if such event, condition, or circumstance constitutes an SaskPower Event of Default, then the Parties' rights and obligations shall be governed by Section ●:

a) immediately upon providing written notice to MH, if, after giving effect to any applicable provisions in this Agreement, either Party is by reason of Force Majeure prevented from complying with any material provision of this Agreement for a period of 180 aggregate calendar days.

(4) Right of SaskPower to Terminate Following a SaskPower Termination Event

If a SaskPower Termination Event occurs, SaskPower shall, promptly upon becoming aware of it, notify

MH, specifying the nature of that SaskPower Termination Event and shall give MH such other information about that SaskPower Termination Event as MH may reasonably require. If a SaskPower Termination Event has occurred and is then continuing, SaskPower may, by providing written notice to MH, designate a Business Day not earlier than the day such notice is given as an Early Termination Date.

(5) Effect of Designation of an Early Termination Date

(a) If notice designating an Early Termination Date is properly given in accordance with the terms of this Agreement, the termination of the Agreement will occur on the date so designated, whether or not the relevant MH Termination Event or SaskPower Termination Event is continuing on such Early Termination Date.

(b) Upon the effective designation of an Early Termination Date, MH shall have no further obligation to offer or Schedule, and SaskPower shall have no further obligation to accept or Schedule Energy or to pay for the System Capacity pursuant to the terms hereof, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date arising out of either the MH Termination Event or the SaskPower Termination Event shall be determined pursuant to Section ●(4).

(6) Payment on Early Termination

On or as soon as practicable following the effective designation of an Early Termination Date arising out of either the MH Termination Event or the SaskPower Termination Event, MH shall calculate the amounts due and owing by SaskPower to MH for the period up to and including the Early Termination Date, and MH shall deliver an invoice to SaskPower for the amount due which shall be payable in accordance with Article ●.

SCHEDULE 2 TO THE TERM SHEET BETWEEN SASKATCHEWAN POWER CORPORATION AND THE MANITOBA HYDRO-ELECTRIC BOARD MADE AS OF SEPTEMBER 13, 2013

This schedule contains draft language with respect to limitation of liability provisions. It is the intention of the Parties that language substantially in the form contained herein shall be incorporated into the Definitive Agreement.

LIMITATION OF LIABILITY

There is no warranty of merchantability or fitness for a particular purpose, and any and all implied warranties are disclaimed. For breach of any provision for which an express remedy or measure of damages is provided, such express remedy or measure of damages shall be the sole and exclusive remedy, the obligor's liability shall be limited if and as set forth in such provision and all other remedies or damages at law or in equity are waived. If the express remedy or measure of damages provided is all rights or remedies available at law or in equity, such party shall be entitled to seek all or any such rights and remedies subject to the disclaimers and limitations contained in this agreement. If no remedy or measure of damages is expressly provided in this agreement, the obligor's liability shall be limited to direct actual damages only, such direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived. Neither party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract. It is the intent of the parties that the limitations herein imposed on remedies and the measure of damages be without regard to the cause or causes related thereto, including the negligence of any party, whether such negligence be sole, joint or concurrent, or active or passive. To the extent any damages required to be paid hereunder are liquidated, the parties acknowledge that the actual damages are or would be difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and the damages calculated hereunder constitute a reasonable approximation of the harm or loss.