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November 19, 2014

Mr. Martin Hayward, Managing Director, Corporate Services, City Treasurer & CFO
The Corporation of the City of London
300 Dufferin Avenue, 4th Floor
London, ON N6A 4L9

Re: Proposed Credit Facilities (the “Credit Facilities”) between London Hydro Inc. (“London Hydro”) and the Royal Bank of Canada (“RBC”)

Dear Mr. Hayward:

As you are aware, Municipal Council’s Resolution dated July 29, 2014 and By-law no. 397 and 398 authorized the repayment of a \$70 million Promissory Note issued by London Hydro to the City of London and entry into related agreements between the City, London Hydro and the Public Utilities Commission. In order to finance such repayment, London Hydro has, through a bidding process, selected RBC for the purpose of securing the necessary Credit Facilities. We previously entered into a \$23 million credit agreement dated January 20, 2010 with RBC to finance our smart meter investment as well. In the current negotiation with RBC, we have agreed to amend and restate the credit agreement that was previously in place for the smart meters loan. Thus, this amended and restated credit agreement with RBC will consist of \$70 million to finance the repayment of the Promissory Note; an additional \$15 million to finance the capital investments; and, the previously financed \$23 million.

The Credit Facilities are required to comply with monetization of the Promissory Note as approved by the Municipal Council as well as to comply with the Ontario Energy Board’s directed/mandated investment in our capital infrastructure, for the purpose of servicing our customers. Therefore, London Hydro considers that the said Credit Facilities to be in the ordinary course of business for the purpose of section 8.9 of the Shareholder Declaration and that no further action of either London Hydro or the City is required to comply with the requirement of the Shareholder Declaration in respect of the Credit Facilities.

I therefore kindly request that the City issue a letter to London Hydro and RBC acknowledging and agreeing that the Credit Facilities are in the ordinary course of business for London Hydro for the purposes of section 8.9 of the Shareholder Declaration and, as such, the borrowing under the Credit Facilities does not require City approval under the Shareholder Declaration.

Sincerely,


Vinay Sharma