

4548 ONTARIO ST., UNIT #2  
BEAMSVILLE, ONTARIO  
L0R 1B5

TELEPHONE: (905) 563-5550  
FAX: (905) 563-0838

August 25, 2000

Pelham Hydro  
**Attention: Brian Walker, Chair**  
1400 Pelham Street, Box 1039  
Fonthill, Ontario  
L0S 1E0

Dear Brian,

**Re: Confidentiality Agreement**

The Lincoln Hydro Electric Commission duly signed the attached confidentiality agreement at its last regular meeting of August 16, 2000 and forwarded the same to the Town of Lincoln.

The Council subsequently passed by-law No 00-78 (attached) and also signed the agreement.

Would you please direct the agreement to your Commission and Council to do the same when completed please forward to Bruce McFarlane, Chair of West Lincoln Hydro Electric Commission for their signatures. When all the parties have signed the confidentiality agreement one original should be returned to each Commission.

If you have any questions please do not hesitate to call.

Yours truly,  
LINCOLN HYDRO ELECTRIC COMMISSION

John A. Alton, CET  
General Manager Secretary

JAA: jh

cc: Bruce McFarlane

THE CORPORATION OF THE TOWN OF LINCOLN

BY-LAW NO. 00-78

A BY-LAW TO AUTHORIZE THE EXECUTION OF A  
CONFIDENTIALITY AGREEMENT BETWEEN THE  
CORPORATIONS OF THE TOWN OF LINCOLN,  
THE TOWN OF PELHAM, THE TOWNSHIP OF  
WEST LINCOLN, LINCOLN HYDRO, PELHAM  
HYDRO AND WEST LINCOLN HYDRO

1. Whereas, The Corporation of the Town of Lincoln, The Corporation of the Town of Pelham, and The Corporation of the Township of West Lincoln, are considering an amalgamation of their municipal electric utilities, being Lincoln Hydro, Pelham Hydro and West Lincoln Hydro respectively, into one or more OBCA corporations to be incorporated.

2. And whereas, in connection with this possible amalgamation the parties have agreed to exchange certain information which is non-public, confidential or proprietary in nature.

NOW THEREFORE, THE COUNCIL OF THE CORPORATION OF THE TOWN OF LINCOLN ENACTS AS FOLLOWS:

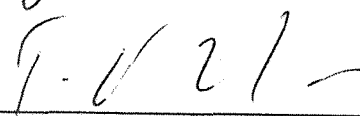
1. That the Mayor and Clerk be, and they are hereby authorized and directed to execute the agreement between the Corporations of the Town of Lincoln, The Town of Pelham, the Township of West Lincoln, Lincoln Hydro, Pelham Hydro and West Lincoln Hydro, for the exchange of certain information relating to possible amalgamation of electric utilities, affixed hereto and forming part of this by-law, and the Clerk is directed to affix the Corporate Seal thereto.

BY-LAW read a FIRST time this 21st day of August, 2000.

BY-LAW read a SECOND time this 21st day of August, 2000.

BY-LAW read a THIRD time and FINALLY PASSED this 21st day of August, 2000.

  
MAYOR: RAY A. KONKLE

  
CLERK: TROY J. McHARG

APPENDIX 'A'

## CONFIDENTIALITY AGREEMENT

**THIS CONFIDENTIALITY AGREEMENT** made as of the 22<sup>nd</sup> day of March, 2000

**BETWEEN:**

The Corporation of the Town of Lincoln  
The Corporation of the Town of Pelham  
The Corporation of the Township of West Lincoln  
Lincoln Hydro  
Pelham Hydro  
West Lincoln Hydro

WHEREAS The Corporation of the Town of Lincoln, The Corporation of the Town of Pelham and The Corporation of the Township of West Lincoln are considering an amalgamation of their municipal electric utilities, being Lincoln Hydro, Pelham Hydro and West Lincoln Hydro respectively, into one or more OBCA corporations to be incorporated;

AND WHEREAS in connection with this possible amalgamation the parties have agreed to exchange certain information which is non-public, confidential or proprietary in nature;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants and agreements of the parties contained herein, the sum of one dollar paid by each party hereto to each of the other parties hereto and such other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto) it is agreed as follows:

1. The parties to this Confidentiality Agreement have agreed to provide each other with certain information (including: Utility valuations plus input data for the Report to Shareholders by Working Committee dated May 18, 2000 and the ECMI report dated June 17, 2000) which is non-public, confidential or proprietary in nature. All such information, in whole or in part, together with any analyses, compilations, studies or other documents prepared by a receiving party or on a receiving party's behalf by its agents, employees and representatives, which contains or otherwise reflects any such information and in addition, a receiving party's review of, or interest in, the possible amalgamation, is hereinafter referred to as the "Information".

"Information" shall also include: (i) financial, commercial or technical information belonging to a municipality, commission or utility which has monetary or potential monetary value and (ii) information which could be reasonably expected to prejudice the economic interests and/or competitive position of a municipality, commission or utility or be injurious to the financial interest of a municipality, commission or utility.

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*The parties agree that the term "Information" does not include information which:*

- (1) was known to a receiving party prior to its disclosure by a providing party to a receiving party, provided that a receiving party lawfully obtained or developed such information;
  - (2) becomes generally available to the public other than as a result of disclosure by a receiving party or its agents, representatives or employees in violation of this agreement; or
  - (3) becomes available to a receiving party from a source other than a providing party, if the source is not bound by a confidentiality agreement with a providing party, and such sources lawfully obtained such information.
2. The Information shall be kept confidential and shall not, without the prior written consent of the party providing the information, be disclosed by a receiving party or its agents, representatives or employees in any manner whatsoever, in whole or in part, and shall not be used by a receiving party or its agents, representatives or employees other than in connection with a possible amalgamation of the aforementioned electric utilities. In any event, each party shall be responsible for any breach of this agreement by its agents, representatives or employees.
  3. The Information, including the Information which consists of analyses, compilations, studies or other documents prepared by a receiving party or its agents, representatives or employees, along with all copies, shall be returned to the party providing the Information promptly upon the request of the providing party.
  4. Without limitation and in addition to any other rights of a providing party against a receiving party arising by reason of any breach hereof, a receiving party shall indemnify and hold a providing party harmless against all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by a providing party or which a providing party may sustain, pay or incur resulting or arising, directly or indirectly, from disclosure of all or any part or parts of the Information or any other breach of this agreement by a receiving party or its agents, representatives or employees.
  5. In the event that a receiving party or anyone to whom a receiving party transmits the Information pursuant to this agreement becomes legally compelled to disclose any of the Information, a receiving party shall supply a providing party with prompt notice so that a providing party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this agreement. In the event that such protective order or other remedy is not obtained, or a providing party waives compliance with the provisions of this agreement, a receiving party shall furnish only that portion of the Information which

## CONFIDENTIALITY AGREEMENT

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is legally required and will exercise its best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded the Information.

6. A providing party shall be irreparably injured by a breach of this agreement by a receiving party or its agents, representatives or employees which may not be adequately compensated for by damages and a providing party shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this agreement. Such remedies shall not be deemed to be exclusive remedies for the breach of this agreement by a receiving party but shall be in addition to all other remedies available at law or at equity.
7. In providing access and delivering the Information, a providing party makes no representation or warranty as to the accuracy or completeness of the Information. A receiving party agrees that a providing party shall not have any liability to a receiving party or its agents, representatives or employees in respect of the accuracy or completion of the information.
8. Due to the nature of the possible amalgamation, as well as the actual and anticipated flow of Information, the parties agree that all of them may be both providers and receivers of Information and that this Agreement will be so construed.
9. To the fullest extent possible, each party to this Agreement covenants and agrees to use its best efforts to ensure that no Information is released in contravention of this Agreement.

The foregoing obligations shall be in effect for a period of five (5) years from **March 22, 2000**, provided, however, that the provisions of paragraph 2 hereof shall survive any termination of this agreement.

This agreement and its acknowledgements will be governed by and construed in accordance with the laws of the province of Ontario and the laws of Canada applicable therein without reference to choice of law doctrine. Words importing the singular number shall include the plural and *vice versa*.

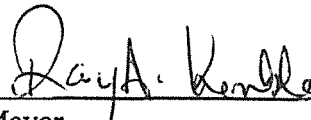
By their execution and acceptance hereof, the parties hereby confirm that they have received, may receive and also may examine Information for the sole purpose of evaluating a possible amalgamation of the aforementioned electric utilities, and in consideration, among other things, of the parties furnishing each other with the Information, each of them hereby executes this Confidentiality Agreement.

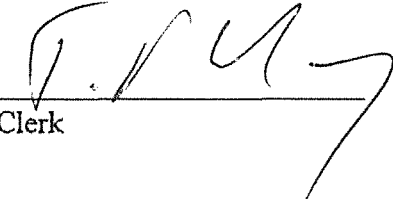
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IN WITNESS WHEREOF the parties have duly executed this Confidentiality Agreement.

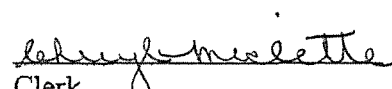
The Corporation of the Town of Lincoln

Per:   
Mayor

Per:   
Clerk

The Corporation of the Town of Pelham

Per:   
Mayor

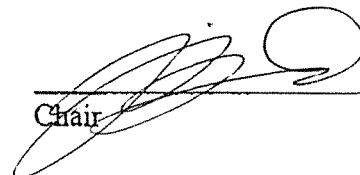
Per:   
Clerk

The Corporation of the Township of West Lincoln


Per: \_\_\_\_\_  
Mayor

Per: \_\_\_\_\_  
Clerk

Lincoln Hydro

Per:   
Chair

Pelham Hydro

Per:   
Chair

West Lincoln Hydro

Per: \_\_\_\_\_  
Chair