



133392

IRREVOCABLE LETTER OF CREDIT

HSBC BANK USA, NATIONAL ASSOCIATION

<u>Letter of Credit No.</u>	<u>Issue Date</u>	<u>Stated Expiration Date</u>	<u>Maximum Amount</u>
SDCMTN560874	December 20, 2011	December 20, 2012	\$1,218,740

The Bank of New York Mellon Trust Company

as Trustee (the "Trustee"), under the Trust Indenture dated as of June 1, 1995 (the "Indenture") by and between The Industrial Development Authority of the City of Washington, Missouri and the Trustee, securing \$4,000,000 in original aggregate principal amount of its Industrial Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project)(the "Bonds")

**911 Washington Avenue, Third Floor
St. Louis, Missouri 63101**

Attention: Corporate Trust Department

Ladies and Gentlemen:

At the request and for the account of our customer, CG Power Systems USA Inc., a Delaware corporation, we establish our irrevocable letter of credit in your favor, as Trustee for the benefit of the holders of the Bonds, by our signature and your receipt hereof. We irrevocably agree to honor your demands for payment, reduction, and transfer which comply with the terms of this letter of credit. The amount available under this letter of credit is \$1,218,740, subject to reduction as provided herein (the "Stated Amount"). You and our customer have advised us that the Stated Amount refers to a principal component of \$1,200,000, which is equal to the aggregate outstanding principal amount of the Bonds, plus an interest component of \$18,740, which is equal to interest on the outstanding principal amount of the Bonds at an assumed rate of 10% per annum for a period of 57 days (computed on the actual number of days elapsed over a year of 365/366 days).

Each demand for payment under this letter of credit must be made by presentation of a document in the form of Exhibit A-1 (Same Day Purchase), Exhibit A-2 (Next Day Purchase), Exhibit B (Principal), Exhibit C (Interest) or Exhibit D (Acceleration) to this letter of Credit. Each such demand for payment must be completed, purporting to be signed by an Authorized Officer, and presented to us at our office on a business day at or before 4:00 pm, New York Time, on December 20, 2012 (the "Expiration Date"). (By "business day" we mean any day on which we are open in New York, New York for a commercial banking business. By "our office" we mean our office at HSBC Bank USA, National Association, 2 Hanson Place, 14th Floor, Brooklyn, New York 11217, Attn: Standby Letter of Credit Department, telecopy number 718-488-4909, or such other address as we may specify in writing that mentions this letter of credit. By "Authorized Officer" we mean any of your vice presidents, Assistant Vice Presidents or Trust Officers).

HSBC Bank USA, N.A. Trade Services

NY 74396323.5

ORIGINAL

11-008-000-4 Rev. 9/01



133393

If a complying demand for immediate payment is presented by personal delivery or by telecopy transmission (or such other means of presenting a signed document to the attention of our Letter of Credit Department as is satisfactory to us), then we shall waive the usual three day period for examination of documents and honor such demand by initiating a wire transfer to you of our own immediately available funds and advising you of the wire information, (x) in the case of the presentation of a document in the form of Exhibit A-1 (Same Day Purchase), on or before 2:00 pm, New York Time on the same business day on which we receive such demand, if received by us at or before 11:00 am, New York time, on such business day or before 10:00 am, New York Time, on the next succeeding business day received by us after 11:00 New York time, on a business day; or (y) in the case of the presentation of a document in the form of Exhibit A-2 (Next Day Purchase), Exhibit B (Principal), Exhibit C (Interest) or Exhibit D (Acceleration), on or before 2:00 pm, New York Time, on the business day immediately following the business day on which we received such demand, if received by us at or before 2:00 pm, New York Time, on such business day, or on or before 11:00 a.m., New York Time, on the second succeeding business day if received by us after 2:00 p.m., New York Time, on such business day; or we shall notify you (by telephone, continued in writing) of our dishonor of such demand on or before such time(s).

All payments by us hereunder shall be made solely with our own funds.

After our honor of a complying demand for payment in the form of Exhibit C (Interest), the Stated Amount available under this letter of credit automatically reduced by such honor shall be reinstated at 9:00 a.m., New York Time, on the eleventh (11th) business day after such honor, unless on or before 5:00 p.m., New York time, on the tenth (10th) business day after such honor you receive a notice signed by us that refers to this letter of credit, and states that we have decided not to effect such reinstatement; or unless such demand provides, in the manner provided in Exhibit C, that the drawing of interest relates to a redemption or Purchase and cancellation of funds.

After our honor of a complying demand for payment in the form of Exhibit A-1 (Same Day Purchase) or Exhibit A-2 (Next Day Purchase), we may in our discretion reinstate all or a portion of the amount available under this letter of credit automatically reduced by such honor if you receive a notice signed by us that refers to the letter of credit, and sets forth the amount of such reinstatement, such reinstatement to be effective by our issuance of such notice.

Upon our receipt of a certificate signed by an Authorized Officer in the form of Exhibit G, the Stated Amount available under this letter of credit automatically shall be reduced by the amount so specified as of 5:00 p.m., New York Time, on the date of our receipt (or such later date as may be specified therein). We may in our discretion reinstate all or a portion of the amount available under this letter of credit as so reduced if you receive a notice signed by us that refers to this letter of credit and sets forth the amount of such reinstatement; such reinstatement to be effective upon your receipt of such notice.

After our honor of a complying demand for payment in the form of Exhibit D (Acceleration), this letter of credit shall automatically terminate and shall be delivered promptly



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to us for cancellation. In addition, upon the earliest of (i) the close of business on the 20th day after our receipt of a certificate purporting to be signed by an Authorized Officer referring to this letter of credit stating that: "the Trustee has accepted a Substitute Letter of Credit pursuant to Section 4.8 of the Loan Agreement, which Substitute Letter or Credit becomes effective today"; (ii) our receipt of a certificate purporting to be signed by an Authorized Officer referring to this letter of credit stating that: "no Bonds remain Outstanding under the Indenture"; (iii) thirty (30) calendar days following delivery of a notice from us to our customer and to you in the form attached hereto as Exhibit F at the addresses set forth on such Exhibit F (or at such other address as you advise us in writing to use in lieu thereof and as subsequently amended); and (iv) the Expiration Date, this letter of Credit shall terminate.

Your rights to demand further payment, reduction and transfer under this letter of credit may be transferred by presentation to us at our New York office on a business day of a demand in the form of Exhibit E (Transfer) to this letter of credit, completed and signed by you. Your transferee shall be deemed the addressee of this letter of credit and the sole permitted signer of all further demands under this letter of credit for payment, reduction, and transfer.

Only you as beneficiary of this letter of credit may complete the certificate(s) required hereby on your behalf and may make a drawing under this letter of credit. Upon the payment of our funds to you, to your order or to your account of the amount demanded hereunder, we shall be fully discharged to the extent of such payment on our obligation under this letter of credit with respect to such demand for payment. By paying an amount demanded in accordance herewith, we make no representations as to the correctness of the amount demanded.

This letter of credit sets forth in full our understanding, and such undertaking shall not in any way be modified, amplified or limited by reference to any document, instrument or agreement referred to herein or in any Exhibit hereto and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.

This letter of credit is subject to the Uniform Customs and Practices for Documentary Credits (2007 Revision); International Chamber of Commerce Publication No. 600 (the "Uniform Customs"), which provisions are incorporated herein by reference. This letter of credit shall be deemed to be issued under the laws of the State of New York and, as to matters not governed by the Uniform Customs, shall be governed by and construed in accordance with the laws of the State of New York, including the Uniform Commercial Code as enacted in such state.

HSBC BANK USA, NATIONAL ASSOCIATION

By: 

By: 



133396

Exhibit A-1 (Same Day Purchase)

Date: _____

HSBC Bank USA, National Association
2 Hanson Place, 14th Floor
Brooklyn, New York 11217
FAX: 718-488-4909

Attention: Standby Letter of Credit Department

We demand payment to our order of _____ Dollars
(\$ _____) under your Letter of Credit No. _____ (the "Letter of
Credit").

1. We are the trustee under that certain Trust Indenture dated as of June 1, 1995 ("Indenture") by and between The Industrial Development Authority of the City of Washington, Missouri ("Issuer") and trustee with respect to Industrial Development Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project) issued by Issuer, and the beneficiary of the Letter of Credit.

2. The amount demanded hereby equals the aggregate amount of the purchase price of bonds to be purchased today pursuant to [Section 306] [Section 307] [insert applicable section] of the Indenture, less that amount of proceeds from the remarketing of certain of such bonds by the Remarketing Agent, which amount the Tender Agent has notified us pursuant to Section 311 of such Indenture has been deposited with such Tender Agent. The amount of such deposit with the Tender Agent is not sufficient to pay the purchase price of the bonds to be purchased today. Such bonds are secured by the Letter of Credit, and the amount demanded hereby does not exceed the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit.

3. We will immediately furnish the proceeds from your honor of this demand to the Tender Agent to pay the purchase price of such bonds, and we will not use the proceeds to pay the purchase price of any bonds owned, by or registered in the name of CG Power Systems USA Inc. (whether owned by it or pledged in your favor).

Please wire transfer the amount demanded hereby to: _____



133397

We make our demand and certification as of [Fill in the date hereof or applicable future date not more than one week from the date hereof.]

The Bank of New York Mellon Trust Company, as Trustee, under the Trust indenture dated as of June 1, 1995 by and between The Industrial Development Authority of the City of Washington, Missouri and the Trustee, securing \$4,000,000 in original aggregate principal amount of its Industrial Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project)

By: _____

Title:



133398

Exhibit A-2 (Next Day Purchase)

Date: _____

HSBC Bank USA, National Association
 2 Hanson Place, 14th Floor
 Brooklyn, New York 11217
 FAX: 718-488-4909

Attention: Standby Letter of Credit Department

We demand payment to our order of _____ Dollars
 (\$ _____) under your Letter of Credit No. _____ (the "Letter of Credit").

We certify as follows:

1. We are the trustee under that certain Trust Indenture dated as of June 1, 1995 ("Indenture") by and between The Industrial Development Authority of the City of Washington, Missouri ("Issuer") and trustee with respect to Industrial Development Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project) issued by Issuer, and the beneficiary of the Letter of Credit.

2. The amount demanded hereby equals the aggregate amount of the purchase price of bonds to be purchased pursuant to [Section 306] [Section 307] [insert applicable section] of the Indenture, which is due and payable on the business day (as defined in the Letter of Credit) immediately following the effective date of this demand less that amount of proceeds from the remarketing of certain of such bonds by the Remarketing Agent, which amount the Tender Agent has notified us pursuant to Section 311 of such Indenture has been deposited with such Tender Agent. The amount of such deposit with the Tender Agent is not sufficient to pay the purchase price, of the bonds to be purchased on the business day immediately following the effective date of this demand. Such bonds are secured by the Letter of Credit, and the amount demanded hereby does not exceed the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit.

3. We will immediately furnish the proceeds from your honor of this demand, to the Tender Agent to pay the purchase price of such bonds, and we will not use the proceeds to pay the purchase price of any bonds owned by or registered in the name of CG Power Systems USA Inc. (whether owned by it or pledged in your favor).

Please wire transfer the amount demanded hereby to _____:

We make our demand and certification as of [Fill in the date hereof or applicable future date not more than one week from the date hereof.]



133399

The Bank of New York Mellon Trust Company, as Trustee, under the Trust indenture dated as of June 1, 1995 by and between The Industrial Development Authority of the City of Washington, Missouri and the Trustee, securing \$4,000,000 in original aggregate principal amount of its Industrial Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project)

By: _____

Title:



133400

Exhibit B (Principal)

Date: _____

HSBC Bank USA, National Association
2 Hanson Place, 14th Floor
Brooklyn, New York 11217
FAX: 718-488-4909

Attention: Standby Letter of Credit Department

We demand payment to our order of _____ Dollars
(\$ _____) under your Letter of Credit No. _____ (the "Letter or Credit").

1. We are the trustee under that certain Trust Indenture dated as of June 1, 1995 ("Indenture") by and between The Industrial Development Authority of the City of Washington, Missouri ("Issuer") and trustee with respect to Industrial Development Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project) issued by Issuer, and the beneficiary of the Letter of Credit.

2. The amount demanded hereby equals the aggregate amount of principal of bonds issued and now outstanding under the Indenture, which is immediately due and payable under Section ___ [insert Section of such Indenture under which becomes immediately due and payable] of such Indenture, such bonds are secured by the Letter of Credit and the amount demanded does not exceed the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit.

3. The proceeds from your honor of this demand will be used solely to pay such principal on such bonds and will not be used to pay the principal amount of any bonds owned by or registered in the name of CG Power Systems USA Inc. (whether owned by it or pledged in your favor).

Please wire transfer the amount demanded hereby to: _____



133401

We make our demand and certification as of [Fill in the date hereof or applicable future date not more than one week from the date hereof.]

The Bank of New York Mellon Trust Company, as Trustee, under the Trust indenture dated as of June 1, 1995 by and between The Industrial Development Authority of the City of Washington, Missouri and the Trustee, securing \$4,000,000 in original aggregate principal amount of its Industrial Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project)

By: _____

Title:



133402

Exhibit C (Interest)

Date: _____

HSBC Bank USA, National Association
 2 Hanson Place, 14th Floor
 Brooklyn, New York 11217
 FAX: 718-488-4909

Attention: Standby Letter of Credit Department

We demand payment to our order of _____ Dollars (\$ _____)
 under your Letter of Credit No. _____ (the "Letter of Credit").

We certify as follows:

1. We are the trustee under that certain Trust Indenture dated as of June 1, 1995 ("Indenture") by and between The Industrial Development Authority of the City of Washington, Missouri ("Issuer") and trustee with respect to Industrial Development Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project) issued by Issuer, and the beneficiary of the Letter of Credit.

2. The amount demanded equals the aggregate amount of unpaid interest which is immediately due and payable on all bonds issued and outstanding under Section _____ of the Indenture, such bonds are secured by the Letter of Credit, and the amount demanded does not exceed the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit.

3. The proceeds from your honor of this demand will be, used solely to pay such unpaid interest on such bonds to the extent such interest has accrued during the preceding _____¹ days.

[4. This drawing of interest relates to a redemption or purchase and cancellation of bonds and; accordingly, the amount of this demand shall not be reinstated following your honor hereof.]

Please wire transfer the amount demanded hereby to: _____

¹Not to exceed 57 days.



133403

We make our demand and certification as of [Fill in the date hereof or applicable future date not more than one week from the date hereof.]²

The Bank of New York Mellon Trust Company, as Trustee, under the Trust indenture dated as of June 1, 1995 by and between The Industrial Development Authority of the City of Washington, Missouri and the Trustee, securing \$4,000,000 in original aggregate principal amount of its Industrial Revenue Bonds, Series 1995 (Pawwels Transformers Inc. Project)

By: _____

Title:

² Omit if not applicable.



133404

Exhibit D (Acceleration)

Date: _____

HSBC Bank USA, National Association
2 Hanson Place, 14th Floor
Brooklyn, New York 11217
FAX: 718-488-4909

Attention: Standby Letter of Credit Department

We demand payment to our order of _____ Dollars (\$ _____)
under your Letter of Credit No. _____ (the "Letter of Credit").

We certify as follows:

1. We are the trustee under that certain Trust Indenture dated as of June 1, 1995 ("Indenture") by and between The Industrial Development Authority of the City of Washington, Missouri ("Issuer") and trustee with respect to Industrial Development Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project) issued by Issuer, and the beneficiary of the Letter of Credit.

2. The amount demanded hereby equals the aggregate amount of principal and interest of bonds issued and outstanding under the Indenture, which has become due and payable pursuant to acceleration pursuant to Section 802 of such Indenture, such bonds are secured by the Letter of Credit, and the amount demanded hereby does not exceed the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit.

3. The proceeds from your honor of this demand will be used solely to pay the principal amount and interest, to the extent such interest has accrued during the preceding _____² days, owing on account of such bonds and will not be used to pay the principal of or any interest on any bonds owned by or registered in the name of CG Power Systems USA Inc. (whether owned by it or pledged in your favor).

Please wire transfer-the-amount demanded hereby to: _____

² Not to exceed 57 days.



133405

We make our demand and certification as of [Fill in the date hereof or applicable future date not more than one week from the date hereof.]

The Bank of New York Mellon Trust Company, as Trustee, under the Trust indenture dated as of June 1, 1995 by and between The Industrial Development Authority of the City of Washington, Missouri and the Trustee, securing \$4,000,000 in original aggregate principal amount of its Industrial Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project)

By: _____

Title:



133406

Exhibit E (Transfer)

INSTRUCTION TO TRANSFER LETTER OF CREDIT TO SUCCESSOR HOLDER

[Date]

HSBC Bank USA, National Association
2 Hanson Place, 14th Floor
Brooklyn, New York 11217
FAX: 718-488-4909

Re: Irrevocable Letter of Credit No. _____ (the "Letter of Credit")
For the Account of Pauwels Transformers Inc.

Ladies and Gentlemen:

The undersigned (the "Transferor") hereby certifies to you that [Name and address of successor Trustee] (the "Successor Trustee" or the "Transferee") has replaced and succeeded to our rights and obligations as Trustee under the Indenture. You are hereby requested to endorse the Letter of Credit to the Successor Trustee or to issue in accordance with the terms of the Letter of Credit, a new letter of credit to the Successor Trustee having the same terms and providing for the same Stated Amount as the Letter of Credit provides.

We submit herewith for endorsement or cancellation the original of the Letter of Credit:

The Transferee shall have the sole rights as Beneficiary under the Letter of Credit including sole rights relating to any amendments to the Letter of Credit whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without the necessity of any consent of or notice to the Transferor. Capitalized terms used but not otherwise defined herein shall have the meanings provided in the Indenture (as defined in the Letter of Credit).

The individual signing below on our behalf hereby represents that he or she is duly authorized to so sign on our behalf.

Very truly yours,

[LETTER OF CREDIT HOLDER]

By: _____
Name: _____
Title: _____



133407

Exhibit F

**NOTICE OF INTENT TO TERMINATE
LETTER OF CREDIT**

Date: _____

CG Power Systems USA Inc.
One Pauwels Drive
Washington, Missouri 63090
Telecopy: (636) 239-9072
Attention: Chief Financial Officer

[Name and Address of Beneficiary]

Re: Letter of Credit No. _____

Ladies and Gentlemen:

The undersigned hereby notifies you that the Letter of Credit No. _____ dated December 20, 2011 (the "Letter of Credit") shall expire thirty (30) days from the date hereof on _____, 20__ by reason of the occurrence and continuance of an Event of Default under the Uncommitted Revolving Credit Agreement dated as of August 19, 2011, as amended and in effect time to time, between you and us and certain of your affiliates. Please deliver to us for cancellation the original of the Letter of Credit immediately following such expiration date.

HSBC Bank USA, National Association

By: _____
Title: _____



133408

Exhibit G

Date: _____

HSBC Bank USA, National Association
2 Hanson Place, 14th Floor
Brooklyn, New York 11217
FAX: 718-488-4909

Attention: Letter Credit Department

We hereby request that the stated amount under your Letter of Credit No. _____
(the "Letter of Credit") be reduced by _____ Dollars (\$ _____).

We certify as follows:

1. We are the trustee under that certain Trust Indenture dated as of June 1, 1995 ("Indenture") by and between The Industrial Development Authority of the City of Washington, Missouri ("Issuer") and trustee with respect to Industrial Development Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project) issued by Issuer, and the beneficiary of the Letter of Credit.

2. The amount of reduction equals the aggregate amount of principal and interest thereon at 10% per annum for 57 days on certain bonds issued under the Indenture, which under Section ____ of such Indenture no longer are Outstanding and, therefore, are no longer required to be secured by the Letter of Credit.

We make our request and certification as of _____ [Fill in the date hereof or applicable future date not more than one week from the date hereof.]

The Bank of New York Mellon Trust Company, as Trustee, under the Trust indenture dated as of June 1, 1995 by and between The Industrial Development Authority of the City of Washington, Missouri and the Trustee, securing \$4,000,000 in original aggregate principal amount of its Industrial Revenue Bonds, Series 1995 (Pauwels Transformers Inc. Project)

By: _____

Title: