

MR. ROGERS, EXAM. BY MR. MERRICK

1 Q. Yes.

2 A. But the difference was in the level of the interest
3 buy-down. The original request was 21.25 million and
4 what was finally approved was 8.75 million. So the
5 reduction in costs to the Federal Government were
6 reductions in cash outlays with respect to interest
7 subsidies. And it -- so they received approximately a
8 third of what they had asked.

9 The second benefit, if you will, was that -- had to
10 do with the early repayment or the early payment to the
11 lenders, that being the Bank of Nova Scotia, if, indeed,
12 the cash surpluses shown in their business plan
13 materialized and they wished to take that cash out of
14 Westray for any reason. For every dollar they took out
15 up to \$20 million, another \$20 million, or pro rata, had
16 to be paid back to the lenders.

17 And if that had been all utilized, if 20 million had
18 been so returned, it would have reduced the overall
19 payback period from 15 years to 10 years. So our
20 objective was to see it paid back as rapidly as possible.

21 Q. So I take it that those were the two major points on
22 which Curragh ultimately -- or two major improvements in
23 the agreement that the Federal Government was able to
24 achieve in the negotiations?

25 A. That's right.