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SPECIAL PROVISIONS

Special Provisions to the Base Contract for Sale and Purchase of Natural Gas dated ____ __, 200_ between _____ ("Company") and _____ ("Counterparty").

If the terms of these Special Provisions and the other terms of the Base Contract conflict, the terms of these Special Provisions shall govern.

Capitalized terms used in these Special Provisions shall have the meanings ascribed to them in the Contract. Sections referenced in these Special Provisions refer to a Section of the General Terms and Conditions of the Base Contract, unless stated otherwise.

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- 1. The Credit Support Annex, attached hereto as Attachment 1, is incorporated herein by reference as if set forth in full herein, and the parties shall have the rights and obligations specified therein.
- 2. The following shall be added to the end of Section 10.1 of the General Terms and Conditions:
 - "10.1.1 X grants to Y a continuing first priority security interest in, lien on and right of setoff against all Adequate Assurance of Performance (other than Letters of Credit) transferred pursuant to Section 10.1. Upon the return by Y to X of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance will be released immediately and, to the extent possible, without any further action by either party.
 - 10.1.2 Adequate Assurance of Performance in the form of Cash or Letters of Credit shall be deemed to be Posted Collateral and be subject to the provisions contained in the Credit Support Annex: ~~provided, however, such Adequate Assurance shall not be included in the calculation of Exposure¹.~~"
- 3. Section 10.2 of the General Terms and Conditions is hereby amended by deleting the word "or" before subsection (viii) and by adding the following immediately after subsection (viii):
 - " or (ix) shall be the Defaulting Party with respect to a Credit Support Default, as defined in the Credit Support Annex;"

¹ - [Suggested revision by Calpine.](#)

Company _____
Counterparty _____

NAESB Special Provisions Credit _____