

1 **NAESB CREDIT SUPPORT ADDENDUM**

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6 This NAESB Credit Support Addendum ("Credit Support Addendum") is entered into as of the following date:

7 _____.

8
9 The parties to this Credit Support Addendum are the following:

10 _____ and _____
11 _____
12 Duns Number _____ Duns Number _____
13 Base Contract Number _____ Base Contract Number _____
14 Base Contract Date _____ Base Contract Date _____
15 U.S. Federal Tax ID Number _____ U.S. Federal Tax ID Number _____
16

17
18 **Addendum:** This Credit Support Addendum constitutes an Addendum to that certain Base Contract for Sale and Purchase of
19 Natural Gas, as identified above, between the parties ("Base Contract"), and supplements and amends the Base Contract
20 affecting transactions thereunder. Unless amended herein, the Base Contract continues to apply. Capitalized terms used in this
21 Credit Support Addendum which are not herein defined will have the meanings ascribed to them in the Base Contract. In the
22 event of a conflict between the terms of this Credit Support Addendum and the Base Contract, the terms of this Credit Support
23 Addendum shall apply.
24

25
26 This Credit Support Addendum sets forth the conditions under which a party, in connection with the Base Contract, will
27 be required to transfer Credit Support as well as the conditions under which a party will release such Credit Support.

28 The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Base
29 Contract and shall have the meanings ascribed to them therein.
30

31
32 **II. Definitions.** As used in this Credit Support Addendum:

33
34 "Collateral Requirement" shall have the meaning attributed to it in Section II.

35
36 "Collateral Threshold" shall mean, with respect to a party, the collateral threshold, if any, set forth for such party on the
37 Credit Elections Cover Sheet; provided, however, that the Collateral Threshold for a party shall be zero upon the occurrence and
38 during the continuance of an Event of Default or a Potential Event of Default with respect to that affected party.
39

40 "Credit Elections Cover Sheet" shall mean the Credit ~~Elections-Support Addendum~~ Cover Sheet attached hereto and
41 incorporated herein setting forth certain elections governing this Credit Support Addendum.
42

43 "Credit Rating" shall mean, with respect to a party or entity, on any date of determination, the respective rating then
44 assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third-party credit
45 enhancement) by S&P, Moody's, or any other specified rating agency or agencies. If no rating is assigned to such entity's
46 unsecured, senior long-term debt or deposit obligations by such agency, then "Credit Rating" shall mean the general corporate
47 credit rating or long-term issuer rating, as applicable, assigned by such rating agency to such entity.
48

49 "Credit Support" shall mean Eligible Collateral and/or Eligible Credit Support.

50
51 "Credit Support Default" shall mean that an Event of Default ~~will exist~~ with respect to a party (~~such party shall be the~~
52 "Defaulting Party") if:

- 53
54 (a) a party fails (or fails to cause its Custodian, as ~~herein~~ defined in Section VII(a)(i) herein) to make, when
55 due, any transfer of Eligible Collateral or the Interest Amount, as applicable, required to be made by it;
56
57 (b) a party fails to comply with or perform any material agreement or obligation provided for in this Credit
58 Support Addendum; or
59
60 (c) a Letter of Credit Default shall apply with respect to such Defaulting Party.
61

1
2 "Credit Support Provider" shall have the meaning set forth on the Credit Elections Cover Sheet and shall be pursuant to
3 a guaranty provided by each party's Credit Support Provider, if specified as applicable, in form and substance reasonably
4 acceptable to the other party.
5

6 "Custodian" - [please define here as it is used numerous times prior to its definition in Section VII and is also stated on
7 the Credit Elections Cover Sheet as being under Section 9].
8

9 "Defaulting Party" shall have the meaning set forth in the definition of "Credit Support Default".

10 "Eligible Collateral" shall have the meaning as set forth on the Credit Elections Cover Sheet.

11 "Eligible Credit Support" shall have the meaning as set forth on the Credit Elections Cover Sheet.

12 "Event of Default" shall mean a Credit Support Default ~~and/or~~ or a NAESB Event of Default.

13 "Exposure" shall mean the amount as calculated in good faith and in a commercially reasonable manner as if an Early
14 Termination Date has been set as provided for in Section 10.3 of the Base Contract.
15

16 "Independent Amount" shall have the meaning _____ [ISDA concept to be discussed further.]
17

18 "Interest Amount" shall mean with respect to an "Interest Period" (as defined herein), the aggregate sum of the
19 amounts of interest calculated for each day in that Interest Period on the principal amount of Cash [note: undefined] held by the
20 Secured Party on that day, determined by the Secured Party for each such day as follows: (x) the amount of Cash on that day;
21 multiplied by (y) the Interest Rate (as defined herein) for that day: divided by (z) 360. (365?)
22

23 "Interest Period" shall mean the period from (and including) the last Business Day on which an Interest Amount was
24 Transferred (or if no Interest Amount has yet been Transferred, the Business Day on which Cash was Transferred to the
25 Secured Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.
26

27 "Interest Rate" shall have the meaning at set forth on the Credit Elections Cover Sheet.
28

29 "Letter of Credit" means an irrevocable, [non-transferable] transferable, standby letter of credit, issued by (a) a major
30 U.S. commercial bank or the U.S. branch office of a major foreign bank assigned, in either case, a Credit Rating of at least (i)
31 "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (ii) "A-" by S&P or "A3" by Moody's, if such
32 entity is rated by either S&P or Moody's but not both, or (b) any other entity designated on the Credit Elections Cover Sheet as a
33 Specified Letter of Credit Issuer, which letter of credit is reasonably acceptable to the beneficiary.
34
35
36
37

38 "Letter of Credit Default" shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the
39 following events: (i) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least "A-" by S&P and "A3" by
40 Moody's, if such entity is rated by both S&P and Moody's or "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P
41 or Moody's but not both, and is not designated on the Credit Elections Cover Sheet as a Specified Letter of Credit Issuer; (ii) the
42 issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be
43 continuing after the lapse of any applicable grace period; (iii) the issuer of such Letter of Credit shall disaffirm, disclaim,
44 repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (iv) such Letter of Credit shall expire or
45 terminate, or shall fail or cease to be in full force and effect at any time during the term of the Contract; or (v) any event
46 analogous to ~~an event specified in Section 10.2 of the Base Contract~~ a NAESB Event of Default shall occur with respect to the
47 issuer of such Letter of Credit; ~~provided, however,~~ that no Letter of Credit Default shall occur in any event with respect to a
48 Letter of Credit after the time such Letter of Credit is required to be canceled or returned to the Pledging Party in accordance
49 with the terms of this Credit Support Addendum.
50

51 "Minimum Transfer Amount" shall mean the amount, if any, set forth in the Credit Elections Cover Sheet for such
52 Partyparty.
53

54 "Moody's" shall mean Moody's Investors Services, Inc. or its successor.

55 "NAESB Event of Default" shall mean any ~~E~~event of ~~e~~Default defined in Section 10.2 of the Base Contract.
56

57 "Notification Time" shall be as set forth on the Credit Elections Cover Sheet.
58

59 "Pledging Party" shall have the meaning attributed to it in Section II.
60

61 "Posted Collateral" shall mean all Credit Support, other property, and all proceeds thereof that have been Transferred
62 to or received by the Secured Party hereunder and not Transferred to the Pledging Party pursuant to Section III or released by
63

1 the Secured Party. Any Interest Amount or portion thereof not Transferred pursuant to Section VII(c) and any Cash received
2 and held by the Secured Party after drawing on any Letter of Credit ~~will~~ shall constitute Posted Collateral in the form of Cash.

3
4 "Potential Event of Default" shall mean an event that would constitute an Event of Default with the lapse of time or
5 giving of Notice or both and shall only be applicable with respect to any provision of this agreement if so specified on the Credit
6 Elections Cover Sheet. [note – no place indicated on the cover sheet to fill in such info]

7
8 "Qualified Institution" shall mean a commercial bank or trust company organized under the laws of the United States or
9 a political subdivision thereof, (i) that has a Credit Rating of at least (a) "A-" by S&P and "A3" by Moody's, if such entity is rated
10 by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both,
11 (ii) having a capital and surplus of at least \$1,000,000,000, and (iii) is not affiliated with the Pledging Party.

12 "Reference Market Maker" shall mean a leading dealer in the relevant market that is not an ~~Affiliate~~ affiliate of either
13 party selected by a party determining any Disputed Calculation (see Section V) in a commercially reasonable manner from
14 among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding
15 whether to offer or to make an extension of credit.

16 "Rounding Amount" shall have the meaning set forth on the Credit Elections Cover Sheet.

17 "S&P" shall mean the Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

18 "Secured Party" shall have the meaning attributed to it in Section II(2).

19 "Specified Letter of Credit Issuer" shall have the meaning set forth on the Credit Elections Cover Sheet.

20 "Substitute Posted Collateral" shall have the meaning attributed to it in Section ~~X(b)~~ X(b).

21 "Transfer" or "Transferred" shall mean, with respect to any Credit Support, Posted Collateral, or Interest Amount, and in
22 accordance with the instructions of the appropriate party:

23
24 (i) in the case of Cash, payment or delivery by wire transfer in immediately available federal funds into
25 one or more bank accounts specified by the recipient;

26
27 (ii) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the
28 recipient, and

29
30 (iii) as otherwise specified by the parties on the Credit Elections Cover Sheet.

31
32 "Value" shall mean (a) with respect to Cash, the face amount thereof; and (b) with respect to all other Posted Collateral,
33 the Valuation Percentage indicated on the Credit Elections Cover Sheet multiplied by the stated amount thereof.

34
35 **III.** Calculation of Collateral Requirement.

36
37 On any Business Day, the "Collateral Requirement" for a party (the "Pledging Party") means the Exposure minus the
38 sum of:

39
40 (1) the Pledging Party's Collateral Threshold; plus

41
42 (2) the Value of all Posted Collateral held by the party other than the Pledging Party (the "Secured
43 Party"), and any accrued Interest Amount that has not yet been Transferred to the Pledging Party;

44
45 provided, however, that, the Collateral Requirement of the Pledging Party will be deemed to be zero (0) whenever the
46 calculation of such Pledging Party's Collateral Requirement yields a number less than zero (0).

47
48 **IIII.** Delivery of Credit Support.

49
50 (a) On any ~~Calculation Date~~ calculation date on which (i) no Credit Support Default ~~or Potential Credit Support Default~~
51 [note: undefined] with respect to the Secured Party has occurred and is continuing, (ii) no NAESB Event of Default or Potential
52 ~~NAESB~~ Event of Default with respect to the Secured Party has occurred and is continuing, (c) no Early Termination Date has
53 occurred or been designated by the Pledging Party, and (d) the Pledging Party's Collateral Requirement equals or exceeds its
54 Minimum Transfer Amount, the Secured Party may demand, by Notice to the Pledging Party, that the Pledging Party Transfer to
55 the Secured Party, and the Pledging Party shall Transfer or cause to be Transferred to the Secured Party, Credit Support for the
56 benefit of the Secured Party having a Collateral Value [note: undefined.. Value? search and replace] on the date of Transfer at
57

1 least equal to the Pledging Party's Collateral Requirement. The amount of Credit Support required to be Transferred hereunder
2 shall be rounded up to the nearest integral multiple of the Rounding Amount. Unless otherwise agreed to in writing by the
3 parties, (A) Credit Support demanded of a Pledging Party on or before the Notification Time on a Business Day shall be
4 provided to the Secured Party and/or its Custodian by 5:00 p.m. New York time on the ~~next~~third Business Day and (B) Credit
5 Support demanded of a Pledging Party after the Notification Time on a Business Day shall be provided to the Secured Party
6 and/or its Custodian by 5:00 p.m. New York time on the ~~second~~fourth Business Day thereafter. Any Letter of Credit or other
7 type of Credit Support (other than Cash) shall be Transferred to such address as the Secured Party shall specify in its demand
8 pursuant to this Section III, and any such demand made by the Secured Party pursuant to this Section III shall specify wire
9 transfer information for the account(s) to which Credit Support in the form of Cash shall be Transferred. Notwithstanding
10 anything to the contrary in this Credit Support Addendum, in the event of a Credit Support Default, ~~Potential Credit Support~~
11 ~~Default~~, NAESB Event of ~~Default~~, or Potential ~~NAESB~~-Event of ~~Default~~ with respect to the Pledging Party which gives rise to an
12 obligation to Transfer Credit Support, the Pledging Party shall have no obligation to provide such Credit Support if such event is
13 cured or otherwise no longer exists prior to the time that such Credit Support is required to be provided hereunder.

14 (b) Notwithstanding anything else in this Contract, if an Event of Default or a Potential Event of Default ~~shall occur~~s with
15 respect to a party (the "Affected Party"), the Affected Party shall immediately return to the other party all Posted Collateral it is
16 holding on behalf of ~~the other~~such party ~~to the other party~~.

17 IVV. Reduction and Substitution of Credit Support.

19 (a) On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to
20 Cash), a Pledging Party may demand, by Notice to the Secured Party, a reduction in the amount of Credit Support previously
21 provided by the Pledging Party for the benefit of the Secured Party, and the Secured Party shall comply with said demand,
22 provided that after giving effect to the demanded reduction in Credit Support, (i) the Pledging Party shall have a Collateral
23 Requirement of zero as of the date of such compliance; (ii) no Credit Support Default ~~or Potential Credit Support Default~~
24 with respect to the Pledging Party has occurred and is continuing; (iii) no NAESB Event of ~~Default~~ or Potential ~~NAESB~~-Event of
25 Default with respect to the Pledging Party has occurred and is continuing; and (iv) no Early Termination Date has occurred or
26 been designated by the Secured Party. The amount of the Credit Support reduction hereunder shall be rounded down to the
27 nearest integral multiple of the Rounding Amount. In all cases, the cost and expense of reducing Credit Support (including, but
28 not limited to, the reasonable costs, expenses, and attorneys' fees incurred directly by the Secured Party in making the
29 reduction) shall be borne by the Pledging Party. If a permitted reduction in Credit Support is to be effected by the Transfer of
30 Cash to the Pledging Party, then unless otherwise agreed in writing by the ~~Parties~~parties, (x) if the Pledging Party's reduction
31 demand is made on or before the Notification Time on a Business Day, then the Secured Party shall effect a permitted reduction
32 in Credit Support by 5:00 p.m. New York time on the ~~next~~third Business Day thereafter and (y) if the Pledging Party's reduction
33 demand is made after the Notification Time on a Business Day, then the Secured Party shall effect a permitted reduction in
34 Credit Support by 5:00 p.m. New York time on the ~~second~~fourth Business Day thereafter. If a permitted reduction in Credit
35 Support is to be effected by a reduction in the amount that may be drawn under an outstanding Letter of Credit previously issued
36 for the benefit of the Secured Party, the Secured Party shall promptly take such action as is reasonably necessary to cooperate
37 with the Pledging Party to effectuate such reduction.

38 (b) Except when (i) a Credit Support Default ~~or Potential Credit Support Default~~ with respect to the Pledging Party has
39 occurred and is continuing, (ii) a NAESB Event of ~~Default~~ or Potential ~~NAESB~~-Event of ~~Default~~ with respect to the Pledging
40 Party has occurred and is continuing, or (iii) an Early Termination Date has occurred or been designated by the Secured Party,
41 the Pledging Party may substitute new Credit Support for existing Credit Support of equal Collateral Value on the Business Day
42 following the Secured Party's receipt of written Notice thereof (provided that, if such Notice is made after the Notification Time,
43 the Pledging Party may not substitute Credit Support until the second Business Day thereafter; and provided further, however,
44 that if such substitute Credit Support is of a type not designated as Eligible Collateral or Eligible Credit Support in the Credit
45 Elections Cover Sheet, then the substitution may not occur unless the Secured Party consents to such substitution). Upon the
46 Transfer to the Secured Party and/or its Custodian of the substitute Credit Support, the Secured Party and/or its Custodian shall
47 Transfer the relevant replaced Credit Support to the Pledging Party by 5:00 p.m. New York time on the second Business Day
48 after such Transfer has been effected. Notwithstanding anything herein to the contrary, no such substitution shall be permitted
49 unless (x) the substitute Credit Support is Transferred to the Secured Party and/or its Custodian simultaneously with, or has
50 been Transferred to the Secured Party and/or its Custodian prior to, the release of the Credit Support to be returned to the
51 Pledging Party and the security interest in, and lien upon, such substituted Credit Support granted pursuant hereto in favor of
52 the Secured Party shall have been perfected as required by applicable law and shall constitute a first priority perfected security
53 interest therein and general first lien thereon, and (y) after giving effect to such substitution, the ~~Collateral~~-Value [note: undefined
54 as Collateral Value] of such substitute Credit Support shall equal the Collateral Value of the Credit Support which is being
55 substituted. Each substitution of Credit Support shall constitute a representation, warranty and agreement by the Pledging Party
56 that the substituted Credit Support shall be subject to and governed by the terms and conditions of this Credit Support
57 Addendum, including without limitation, the security interest in, general first lien on and right of offset against, such substituted
58 Credit Support granted pursuant to Section IX(a) in favor of the Secured Party.

59 (c) The Transfer of any Credit Support by the Secured Party and/or its Custodian to the Pledging Party in accordance with
60 this Section IV shall be deemed a release by the Secured Party of its security interest, general first lien and right of offset
61 granted pursuant to Section IX(a) hereof only with respect to such returned Credit Support. In connection with each Transfer of

1 any Credit Support to the Pledging Party pursuant to this Section IV, the Pledging Party will, upon request of the Secured Party,
2 execute a receipt showing the Credit Support Transferred to it.

3
4 V. Disputed Calculations.

5
6 (a) If the Pledging Party disputes the amount of Credit Support requested by the Secured Party and such dispute relates to
7 the amount of the Exposure as determined by the Secured Party, then the Pledging Party shall (i) notify the Secured Party of the
8 existence and nature of the dispute not later than the Notification Time on the first Business Day following the date that the
9 demand for Credit Support is made by the Secured Party pursuant to Section III, and (ii) provide Credit Support to or for the
10 benefit of the Secured Party in an amount equal to the Pledging Party's own determinations, made in a commercially reasonable
11 manner, of the Pledging Party's Collateral Requirement in accordance with Section II. In all such cases, the parties thereafter
12 shall promptly consult with each other in order to reconcile the two conflicting determinations. If the parties have not been able
13 to resolve their dispute on or before the second Business Day following the date that the demand is made by the Secured Party,
14 then the Secured Party's Exposure shall be recalculated with each party's requesting quotations from one (1) Reference Market-
15 Maker within two (2) Business Days (taking the arithmetic average of those quotations obtained to obtain the average current
16 mark-to-market value, provided, that, if only one (1) quotation can be obtained, then that quotation shall be used) for the
17 purpose of recalculating the current mark-to-market value of each Transaction in respect of which the ~~Parties~~ parties disagree
18 as to the current mark-to-market value thereof, ~~and the~~ Secured Party shall inform the Pledging Party of the results of such
19 recalculation in reasonable detail. Credit Support shall thereupon be provided, returned, or reduced, if necessary, on the next
20 Business Day in accordance with the results of such recalculation.

21
22 (b) If the Secured Party disputes the amount of Credit Support to be reduced by the Secured Party and such dispute
23 relates to the amount of the Exposure claimed by the Secured Party, then the Secured Party shall (i) notify the Pledging Party of
24 the existence and nature of the dispute not later than the Notification Time on the first Business Day following the date that the
25 demand to reduce Credit Support is made by the Pledging Party pursuant to Section IV, and (ii) effect the reduction of Credit
26 Support to or for the benefit of the Pledging Party in an amount equal to the Secured Party's own estimate, made in a
27 commercially reasonable manner, of the Pledging Party's Collateral Requirement in accordance with Section II. In all such
28 cases, the parties thereafter shall promptly consult with each other in order to reconcile the two conflicting amounts. If the
29 parties have not been able to resolve their dispute on or before the second Business Day following the date that the demand is
30 made by the Pledging Party, then the Secured Party's Exposure shall be recalculated by each party requesting quotations from
31 one (1) Reference Market-Maker within two (2) Business Days (taking the arithmetic average of those quotations obtained to
32 obtain the average ~~c~~Current ~~m~~Mark-to-~~m~~Market ~~v~~Value; provided, that, if only one (1) quotation can be obtained, then that
33 quotation shall be used) for the purpose of recalculating the Current Mark-to-Market Value of each Transaction in respect of
34 which the parties disagree as to the ~~c~~Current ~~m~~Mark-to-~~m~~Market ~~v~~Value thereof, ~~and the~~ Secured Party shall inform the
35 Pledging Party of the results of such recalculation in reasonable detail. Credit Support shall thereupon be provided, returned, or
36 reduced, if necessary, on the next Business Day in accordance with the results of such recalculation.

37
38
39 VI. Letters of Credit. Posted Collateral provided in the form of a Letter of Credit shall be subject to the following provisions.

40
41 (a) Unless otherwise agreed in writing by the ~~Parties~~ parties, each Letter of Credit shall be provided in accordance with
42 Section IV, and each Letter of Credit shall be maintained for the benefit of the Secured Party. The Pledging Party shall (i) renew
43 or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (ii) if the
44 bank that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide either a
45 substitute Letter of Credit or other Eligible Collateral, in each case at least twenty (20) Business Days prior to the expiration of
46 the outstanding Letter of Credit, and (iii) if a bank issuing a Letter of Credit shall fail to honor the Secured Party's properly
47 documented request to draw on an outstanding Letter of Credit, provide for the benefit of the Secured Party either a substitute
48 Letter of Credit that is issued ~~from a~~ bank acceptable to the Secured Party or other Eligible Collateral, in each case within ~~two~~
49 ~~(2)~~three (3) Business Days after such refusal, provided that, as a result of the Pledging Party's failure to perform in accordance
50 with (i), (ii), or (iii) above, the Pledging Party's Collateral Requirement would be greater than zero.

51
52 (b) As one method of providing Posted Collateral, the Pledging Party may increase the amount of an outstanding Letter of
53 Credit or establish one or more additional Letters of Credit.

54
55 (c) Upon or at any time after the occurrence of an Event of Default with respect to the Pledging Party, the Secured Party
56 may draw on the entire, undrawn portion of any outstanding Letter of Credit upon submission to the bank issuing such Letter of
57 Credit in accordance with the specific requirements of the Letter of Credit. Cash proceeds received from drawing upon the
58 Letter of Credit shall be deemed Posted Collateral as security for the Pledging Party's obligations to the Secured Party and the
59 Secured Party shall have the rights and remedies set forth in Section IX(a) with respect to such ~~cash~~ Cash proceeds.
60 Notwithstanding the Secured Party's receipt of Cash under the Letter of Credit, the Pledging Party shall remain liable (i) for any
61 failure to Transfer sufficient Posted Collateral or (ii) for any amounts owing to the Secured Party and remaining unpaid after the
62 application of the amounts so drawn by the Secured Party.

1 (d) A Pledging Party may substitute a Letter of Credit for one or more other outstanding Letter(s) of Credit issued for the
2 benefit of the Secured Party, provided that the Value of such substitute Letter of Credit shall be at least equal to the Value of the
3 Letter(s) of Credit being replaced (determined in good faith and in a commercially reasonable manner by the Secured Party),
4 and provided further that no Letter of Credit shall be canceled unless and until the Letter of Credit to be substituted therefor shall
5 have been validly executed, issued and delivered for the benefit of the Secured Party in accordance with applicable law.

6
7 (e) Upon the occurrence of a Letter of Credit Default, the Pledging Party agrees to deliver to the Secured Party either a
8 substitute Letter of Credit or other Eligible Collateral, in each case on or before the second Business Day after the occurrence
9 thereof (or the fifth (5th) Business Day after the occurrence thereof if only clause (i) under the definition of Letter of Credit
10 Default applies).

11
12 (f) In all cases, the costs and expenses (including but not limited to the reasonable costs, expenses, and attorneys' fees
13 incurred by the Secured Party) of establishing, renewing, substituting, canceling, and increasing the amount of (as the case may
14 be) a Letter of Credit shall be borne by the Pledging Party.

15
16 VII. Cash. Posted Collateral provided in the form of Cash shall be subject to the following provisions.

17
18 (a) Eligibility to Hold Cash.

19
20 (i) The Secured Party will be entitled to hold Cash provided that ~~the following conditions are satisfied: (1) it is not~~
21 ~~a Defaulting Party, (2) its Credit Support Provider has a Credit Rating from S&P and/or Moody's and the lowest Credit~~
22 ~~Rating for its Credit Support Provider is _____ or higher by S&P and/or _____ or higher by Moody's; and~~
23 ~~(3) Cash shall be held only in any jurisdiction within the United States.~~ A party shall appoint a Qualified Institution (a
24 "Custodian") in the event such party is not eligible or becomes ineligible to hold Cash in accordance with this Section
25 VI(a)(i).

26
27 (ii) Upon Notice by the Secured Party to the Pledging Party of the appointment of a Custodian, the Pledging
28 Party's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of
29 Cash by a Custodian will be deemed to be the holding of Cash by the Secured Party for which the Custodian is acting.
30 The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party
31 would be liable hereunder for its own acts or omissions.

32
33 (b) Use of Cash. Notwithstanding the provisions of applicable law, if the Secured Party is not a Defaulting Party and no
34 Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Secured Party,
35 then the Secured Party shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose
36 of, or otherwise use in its business any Cash it holds, free from any claim or right of any nature whatsoever of the Pledging
37 Party, including any equity or right of redemption by the Pledging Party.

38
39 (c) Interest Payments on Cash. So long as no Event of Default or Potential Event of Default, if applicable, with respect to
40 the Pledging Party has occurred and is continuing, and no Early Termination Date (for which any unsatisfied payment
41 obligations of the Pledging Party exist) has occurred or been designated as the result of an Event of Default with respect to the
42 Pledging Party and to the extent that an obligation to deliver Posted Collateral would not be created or increased by the
43 Transfer, the Secured Party will Transfer to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have
44 been paid with respect to the Cash (all of which may be retained by the Secured Party), the Interest Amount ~~(as defined below)~~
45 on the third Business Day of each calendar month. On or after the occurrence of an Event of Default with respect to the
46 Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging Party, the Secured
47 Party shall retain any such Interest Amount as additional Eligible Collateral hereunder until the obligations of the Pledging Party
48 under the Contract have been satisfied.

49
50
51 (d) Care of Cash. Without limiting the Secured Party's rights under Section VII(b), the Secured Party will exercise
52 reasonable care to assure the safe custody of all Cash held by it as Posted Collateral to the extent required by applicable law,
53 and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of
54 care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will
55 have no duty with respect to Cash, including, without limitation, any duty to enforce or preserve any rights pertaining thereto.

56
57 VIII. Representations. Each party continuously represents and warrants to the other party that: (a) it has the power and
58 authority under the law of the jurisdiction of its organization or incorporation and under its organizational and constituent
59 documents to grant to the Secured Party a valid, enforceable, first-priority security interest in, and lien on, all Posted Collateral
60 (other than Letters of Credit) that it provides as the Pledging Party, and has taken all necessary actions to authorize the granting
61 and perfection of that security interest and lien; (b) as of each date on which it, as the Pledging Party, delivers Posted Collateral
62 to the Secured Party or to any agent of the Secured Party for the benefit of the Secured Party (or, in the case of after-acquired
63 Posted Collateral, at the time the Secured Party or its agent acquires rights therein), it will have title to, and will be the sole
64 owner of such Posted Collateral, free and clear of any security interest, lien, pledge, charge, encumbrance, or other interests or

1 restrictions other than the security interest granted to the Secured Party hereby; (c) the Secured Party will have a valid and
2 perfected first-priority security interest in, and lien on, all Posted Collateral (other than Letters of Credit) upon receipt thereof; (d)
3 the performance by it of its obligations under this Credit Support Addendum will not result in the creation of any security interest,
4 lien or other encumbrance on any Posted Collateral other than the security interest and lien granted pursuant to this Credit
5 Support Addendum; and (e) on each occasion that it, as the Pledging Party, causes the issuance, renewal, substitution, or
6 increase (as the case may be) of a Letter of Credit, such Letter of Credit will be the legal, valid, and binding obligation of the
7 issuer thereof, enforceable in accordance with its terms.

8
9 IX. Certain Rights and Remedies.

10 (a) Secured Party's Rights and Remedies. If at any time (i) an Event of Default with respect to the Pledging Party has
11 occurred and is continuing or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default
12 with respect to the Pledging Party, then the Secured Party may do any one or more of the following: (x) exercise any of the
13 rights and remedies of a secured party with respect to the Posted Collateral, including any such rights and remedies under law
14 then in effect; (y) exercise its rights of setoff against any and all property of the Pledging Party in the possession of the Secured
15 Party or its agent; and (z) draw on any outstanding Letter of Credit issued for its benefit. The Secured Party shall either (y)
16 apply the proceeds of the Posted Collateral realized upon the exercise of any such rights or remedies to reduce the Pledging
17 Party's obligations under the Contract or this Credit Support Addendum (the Pledging Party remaining liable for any amounts
18 owing to the Secured Party after such application), subject to the Secured Party's obligation to return any surplus proceeds
19 remaining after such obligations are satisfied in full or (z) hold such proceeds as collateral security for the Pledging Party's
20 obligations under the Contract or this Credit Support Addendum.

21
22 (b) Pledging Party's Rights and Remedies. If at any time an Early Termination Date has occurred or been designated as
23 the result of an Event of Default with respect to the Secured Party, then: (i) the Secured Party will be obligated immediately to
24 Transfer all Posted Collateral (other than Letters of Credit) and the Interest Amount, if any, to the Pledging Party; and (ii) the
25 Pledging Party may do any one or more of the following: (x) exercise any of the rights and remedies of a pledgor with respect to
26 the Posted Collateral (other than Letters of Credit), including any such rights and remedies under law then in effect; (y) to the
27 extent that the Posted Collateral (other than Letters of Credit) or the Interest Amount is not Transferred to the Pledging Party as
28 required in (i) above, setoff amounts payable to the Secured Party against the Posted Collateral (other than Letters of Credit)
29 held by the Secured Party or to the extent its rights to setoff are not exercised, withhold payment of any remaining amounts
30 payable by the Pledging Party, up to the value of any remaining Posted Collateral (other than Letters of Credit) held by the
31 Secured Party, until the Posted Collateral (other than Letters of Credit) is Transferred to the Pledging Party; and (z) exercise
32 rights and remedies available to the Pledging Party under the terms of any Letter of Credit.

33
34
35 X. General.

36 (a) Security Interest. To secure its obligations under the Contract and all outstanding transactions, each party hereby
37 grants to the other party a present and continuing first-priority security interest in, and lien on (and right of setoff against), all
38 Posted Collateral (other than Letters of Credit) whether now or hereafter held by, on behalf of, or for the benefit of, such other
39 party, and each party agrees to take such action as the other party reasonably requires in order to perfect or maintain the other
40 party's first-priority continuing security interest in, and lien on (and right of setoff against), such Posted Collateral. [Our banking
41 convenants may not allow us to grant of security interest as described.]

42
43 (b) Substitutions.

44 (i) Upon Notice to the Secured Party specifying the items of Posted Collateral to be exchanged, the Pledging
45 Party may, on any Business Day, Transfer to the Secured Party sSubstitute Posted Collateral (the "Substitute Posted
46 Collateral"); and

47 (ii) Provided that no Event of Default or Potential Event of Default, if applicable, has occurred and is continuing
48 with respect to the Pledging Party and that no Early Termination Date has occurred or been designated as the result of
49 an Event of Default with respect to the Pledging Party, the Secured Party will Transfer to the Pledging Party the items
50 of Posted Collateral specified by the Pledging Party in its Notice not later than the Business Day following the date on
51 which the Secured Party receives the Substitute Posted Collateral; provided that the Secured Party will only be
52 obligated to Transfer Posted Collateral with a Value as of the date of Transfer of that Posted Collateral equal to the
53 Value as of that date of the Substitute Posted Collateral.

54
55 (c) Expenses.

56 (i) Except as expressly set forth in this Contract, each party will pay its own costs and expenses in connection
57 with performing its obligations under this Credit Support Addendum and neither party will be liable for any costs or
58 expenses incurred by the other party in connection herewith.

1 (iii) The Pledging Party will promptly pay when due all taxes, assessments or charges of any nature that are
2 imposed with respect to Posted Collateral held by the Secured Party upon becoming aware of the same, regardless of
3 whether any portion of that Posted Collateral is subsequently disposed of under Section IX(b), except for those taxes,
4 assessments and charges that result from the exercise of the Secured Party's rights under Section IX(b).
5

6 (iiii) All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledging Party in
7 connection with the liquidation and/or application of any Posted Collateral under Section IX will be payable, on demand
8 and pursuant to the Contract, by the Defaulting Party or, if there is no Defaulting Party, equally by the ~~Parties~~parties.
9

10 (d) This Credit Support Addendum has been and is made solely for the benefit of the ~~Parties~~parties and their permitted
11 successors and assigns, and no other entity shall acquire or have any right under or by virtue of this Credit Support Addendum.

12 (e) The Pledging Party shall pay on request and indemnify the Secured Party against any taxes (including without
13 limitation, any applicable transfer taxes and stamp, registration, or other documentary taxes), assessments, or charges that may
14 become payable by reason of the security interest, general first lien, and right of offset granted under this Credit ~~Support~~Support
15 Addendum or the execution, delivery, performance, or enforcement of the Credit Support Addendum, as well as any penalties
16 with respect thereto (including, without limitation, costs and reasonable ~~attorney's~~fees and disbursements ~~of counsel~~).

17 (f) No failure or delay by either party hereto in exercising any right, power, privilege, or remedy hereunder shall operate as
18 a waiver thereof.

19 (g) The headings in this Credit Support Addendum are for convenience of reference only, and shall not affect the meaning
20 or construction of any provision thereof.

21
22 **COMPANY**

BY: _____
NAME: _____
TITLE: _____

COUNTERPARTY

BY: _____
NAME: _____
TITLE: _____