

LETTER OF CLARIFICATION TO  
MEMORANDUM OF UNDERSTANDING

The undersigned parties ("Parties") to the Memorandum of Understanding dated December 12, 2013 ("MOU") wish to enter into this Letter of Clarification in order to clarify certain provisions of the MOU.

The Parties intended the MOU to provide:

(1) that TADI, or its affiliate, would execute the Precedent Agreement and the AKLNG Project Equity Option Agreement with the State in 2014 within 90 days of the effective date of Enabling Legislation which is in a form acceptable to the Parties under the MOU,

(2) that promptly after the Precedent Agreement and the AKLNG Project Equity Option Agreement are executed, the State and the Licensee would execute a document formally terminating and abandoning the AGIA license pursuant to the process for an uncontested abandonment set forth in and pursuant to AS 43.90.240(a), and

(3) TADI, or its affiliate, and the State would then negotiate the Firm Transportation Services Agreement contemplated in the MOU ("FTSA") and submit such FTSA to the Alaska Legislature in a legislative session in 2015, and then execute such FTSA prior to December 31, 2015 if it is approved by the Legislature.

It has been brought to the attention of the Parties that certain definitions in the MOU could be interpreted contrary to the intent of the Parties as set forth above. To clarify the intent of the Parties, notwithstanding a potential contrary interpretation in the MOU definitions, the Parties agree that the Parties' intent set forth in (1)-(3) above is correct and supersedes any contrary intent that may be inferred from the definitions and other language in the MOU.

Capitalized terms used but not defined herein shall have the meanings set out in the MOU.

THE STATE OF ALASKA

TRANSCANADA ALASKA COMPANY, LLC

By:

  
Name: Joseph K. Balash  
Title: Commissioner DNR

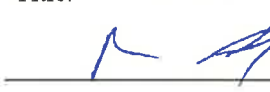
By:

  
Name: Anthony M. Palmer  
Title: President

By:

  
Name: Angela Rodell  
Title: Commissioner  
Department of Revenue

By:

  
Name: Ronald L. Cook  
Title: Vice-President, Taxation

Date: \_\_\_\_\_

**FOOTHILLS PIPE LINES LTD.**

By: \_\_\_\_\_

Name: Anthony M. Palmer  
Title: President

By: \_\_\_\_\_

Name: Ronald L. Cook  
Title: Vice-President, Taxation

Date: April 4, 2014

Date: April 4, 2014

**TRANSCANADA ALASKA DEVELOPMENT  
INC.**

By: \_\_\_\_\_

Name: Anthony M. Palmer  
Title: President

By: \_\_\_\_\_

Name: Ronald L. Cook  
Title: Vice-President, Taxation

Date: April 4, 2014