

RIGHTS TO TERMINATE

TC can terminate if:

- Terms of Key Project Agreements unacceptable to TC
- State fails to execute the FTSA by December 31, 2015, including if parties cannot agree on FTSA terms
- Regulatory approvals are unacceptable to TC
- JVA is terminated or expires without entry into a FEED Agreement
- Transporter Condition(s) are not satisfied
- State refuses to approve TC request to increase budget
- State defaults
- Discriminatory change in law that cannot be reasonably mitigated

State can terminate if:

- Terms of Key Project Agreements unacceptable to State
- TC fails to execute the FTSA by December 31, 2015, including if parties cannot agree on FTSA terms
- Prior to positive FEED decision, State can terminate with 90 days notice
- Regulatory approvals are unacceptable to the State
- JVA is terminated or expires without entry into a FEED Agreement
- TC withdraws from JVA
- Shipper Condition(s) are not satisfied
- TC defaults

TERMINATION OUTCOMES

If TC Terminates PA:

Development Costs

- State must pay TC's development costs

Carrying Costs

- State pays carrying costs on development costs if the State is the cause of the TC's termination decision (e.g. State default or legislature fails to approve FTSA on terms acceptable to TC)
 - State does not pay carrying costs if termination is caused by TC's actions (e.g. TC decides not to execute FTSA).
- State must pay carrying costs on the development costs if the PA expires.
- The applicable carrying cost is 7.1%

Late Fees

- State must be prepared to pay TC development costs as soon as about 40 days after terminating the PA, and after no more than about 70 days
 - Higher interest rate for late payments (LIBOR plus 10%) starts accruing 90 days after payment due date

If SOA Terminates PA:

Development Costs

- State must pay TC's development costs

Carrying Costs

- State must pay carrying costs on development costs (except if TC defaults)
- State must pay carrying costs on the development costs if the PA expires.
- The applicable carrying cost is 7.1%

Late Fees

- State must be prepared to pay TC development costs as soon as about 40 days after terminating the PA, and after no more than about 70 days
 - Higher interest rate for late payments (LIBOR plus 10%) starts accruing immediately after payment due date