



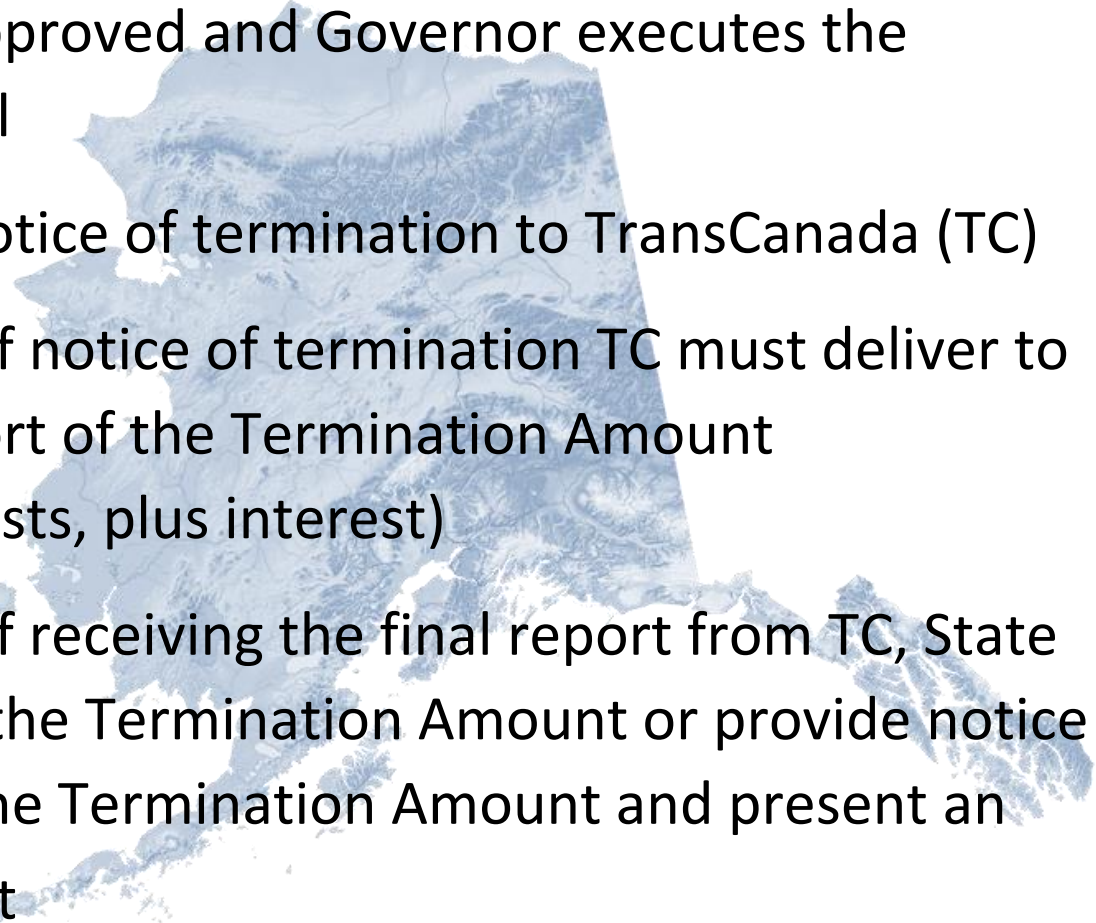
TransCanada Termination Timeline of Events October 2015

Department of Natural Resources

Overview

- This presentation will:
 - Summarize how the TransCanada (TC) termination would work under the Precedent Agreement (PA) – which would not allow the termination to occur prior to December 4, 2015
 - Summarize how the State and TC will amend the termination process under the PA to allow the termination to occur prior to December 4, 2015
 - Upon termination, TC will transfer interest in TransCanada Alaska Midstream Limited Partnership (TAMLP) to State/Alaska Gasline Development Corporation (AGDC), so that AGDC can vote on 2016 Work Program & Budget (WP&B) by December 4, 2015

Sequence of Events and Timing of Termination under PA as Currently Drafted

1. Appropriation approved and Governor executes the appropriation bill
 2. State provides notice of termination to TransCanada (TC)
 3. Within 30 days of notice of termination TC must deliver to State a final report of the Termination Amount (development costs, plus interest)
 4. Within 30 days of receiving the final report from TC, State must either pay the Termination Amount or provide notice of objection to the Termination Amount and present an alternate amount
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Sequence of Events and Timing of Termination under PA as Currently Drafted

5. If the parties fail to agree on the amount within 5 business days of the State's objection, then Alternative Dispute Resolution (ADR) will apply and State must pay the Termination Amount in full within 5 business days of notice of intent to commence ADR (disputed amounts paid into escrow pending dispute resolution)
6. State pays TC Termination Amount and TC transfers TAMLPL interests to State/AGDC

Current PA process must be revised to provide for the AKLNG Project needs (e.g., approval of 2016 Work Program & Budget (WP&B))

Modified Termination Timeline, Assuming Appropriation is Approved

- Currently, State and TC are drafting a Purchase and Sale Agreement (PSA) for the State's acquisition of TAMLPL [Finalize by November 13]
- State and AGDC are taking steps and drafting documents designating AGDC as the State's designee under the PA (*e.g.*, legal instrument(s) to convey TAMLPL to AGDC) [Finalize by November 13]
- TC submits initial Termination Amount report, which State reviews [November 4]
- State and AKLNG Parties work together to address the continuation of TC pipeline secondees in AKLNG through the pre-FEED phase
- Appropriation approved and Governor Walker executes the appropriation bill [November 21-23]

Modified Termination Timeline

- State provides notice of termination to TC and SOA/TC execute the Purchase and Sales Agreement (PSA) [November 24]
- TC submits an updated Termination Amount report for closing purposes [November 24]
- December 1 Closing Date: State pays TC Termination Amount, TC transfers TAMLPL interests to State/AGDC, and PA and Equity Option Agreement (EOA) terminated

AGDC will hold participation interest in the AKLNG Project midstream (gas treatment plant/GTP and pipeline) segment and LNG Plant segment and can approve 2016 WP&B for both segments

Modified Termination Timeline

- TC prepares a final Termination Amount report [within 45 days of the Closing]
- State carries out post-closing audit [60-day process from the date TC submits the final Termination Amount report]
- State and TC agree upon any Termination Amount adjustments, if any, and adjustment payments are made

Anticipated completion of audit process and true-up payment should be no later than March 2016

Modified Termination Timeline Schematic

Timeline for SOA Termination of PA with TC**

