



CONFIRMATION AGREEMENT

This Confirmation Agreement shall confirm the agreement between Buyer and Seller on the following terms and conditions:

Transaction Number: —

Transaction Date:

Seller:

Phone:

FAX:

Agent:

Buyer:

Entergy Services, Inc. ("ESI"), as agent for one or more of the Entergy Operating Companies set forth in the signature page hereto (collectively, the "Buyer"): Entergy Arkansas, Inc., Entergy New Orleans, Inc., Entergy Mississippi, Inc., Entergy Gulf States, Inc., and Entergy Louisiana, Inc.

10055 Grogans Mill Rd., Suite 300

The Woodlands, TX 77380

FAX: (281) 297-3733

Phone: (281) 297-3769

Term:

June 1, 2005 – May 30, 2006

Or

June 1, 2005 – May 30, 2008

Definition:

Product A(5x16)

On Peak: HE: 0700 through HE: 2200

Monday through Friday

[Including NERC Holidays]

Central Prevailing Time

Or

Product B(7x16)

On Peak: HE: 0700 through HE: 2200

Monday through Sunday

[Including NERC Holidays]

Central Prevailing Time

Or

Product C(7x8)

Off Peak: HE: 0100 through HE: 0600 and HE: 2300 through HE: 2400

Monday through Sunday

[Including NERC Holidays]

Central Prevailing Time

Source:

INTO ENTERGY, pursuant to the terms and conditions set forth in Attachment I attached hereto.

Product:

WSPP Schedule C, Firm LD

Contract Quantity:

50-200 MW

Contract Price:

On Peak Price will be calculated via the following formula:

(Gas Index Price * Heat Rate)

Gas Index Price: the Gas price published in Platts Gas Daily in its "Daily Price Survey" under the column heading "Midpoint" for Gas flow to "Henry Hub" for the applicable Day, expressed in \$/MMBtu

On-Peak Heat Rate: _____ Btu/kWh

Off-Peak Price: \$ _____ per MWh

Costs: The Contract Price is inclusive of any and all costs incurred by Seller prior to the Delivery Point related to the energy sold pursuant to this Confirmation Agreement.

Scheduling: WSPP scheduling provisions shall apply. Seller shall be responsible for the tagging of the Product or for the verification of the accuracy of the tagging of all energy to be delivered under this Confirmation Agreement.

Delivery Point(s): Into Entergy, pursuant to the terms and conditions set forth in Attachment I attached hereto.

Governing Agreement: This Confirmation Agreement is governed by the Western Systems Power Pool Agreement dated February 1, 2005, as amended ("WSPP Agreement") and is subject to all the terms and provisions of such Agreement. In the event of a conflict between the provisions of the WSPP Agreement and this Confirmation Agreement, this Confirmation Agreement shall control.

Choice of Law: Notwithstanding Section 24 of the WSPP Agreement, Buyer and Seller agree that this Confirmation Agreement shall be governed by the laws of the State of NEW YORK without regard to the conflicts of law thereof.

Agency: ESI is entering into, and is a party to, this Confirmation Agreement as agent for any or all the Entergy Operating Companies, and shall have no liability hereunder. The liability of the Entergy Operating Companies hereunder, whether in respect of a default or otherwise, shall be several and not joint. The allocation of liability and responsibility among one or more of the Entergy Operating Companies for this Transaction under this Confirmation Agreement shall be made by ESI pursuant to either (a) the Responsibility Ratio (as defined in that certain System Agreement dated as of January 1, 1994 by and among Entergy Services, Inc. and the Entergy Operating Companies, as amended from time to time (the "System Agreement")) set forth in the System Agreement or (b) another allocation method determined by ESI in its sole and absolute discretion (such allocation methods being hereinafter referred to as the "Allocation Ratio"). On the execution date of this Confirmation Agreement, the Allocation Ratio for each Entergy Operating Company shall be the Responsibility Ratio for each Entergy Operating Company set forth in the System Agreement (the "Initial Allocation Ratio"). ESI shall be permitted to change the Initial Allocation Ratio for one or more Entergy Operating Companies at any time after the execution of this Confirmation Agreement and prior to the date that is ninety (90) days after the execution of this Agreement (such date being the "Allocation Cutoff Date"). If at any time after the Allocation Cutoff Date there is a cumulative change in the applicable Allocation Ratio allocated to any one or more of the Entergy Operating Companies in an amount greater than three (3) percentage points ("Ratio Adjustment Event") from the Allocation Ratio in effect as of the Allocation Cutoff Date or, if applicable, from the Allocation Ratio in effect immediately after the last Ratio Adjustment Event, then ESI shall promptly notify Seller of such Ratio Adjustment Event and the Parties shall, if necessary, amend this Confirmation Agreement reflecting such Ratio Adjustment Event, credit terms and such other terms and conditions therein satisfactory to each of the Parties in their respective commercially reasonable discretion. ESI shall notify Seller of any changes to the Allocation Ratio for any applicable Entergy Operating Company.

Uncontrollable Force: The definition of "Uncontrollable Force" in Section 10 of the WSPP Agreement is hereby amended by deleting the third and fourth sentences of such Section 10 and replacing them with the following sentence: "A claim of Uncontrollable Force may not be based, in whole or in part, on (i) Seller's ability to sell capacity or associated energy purchased hereunder at a price greater than the price provided hereunder or (ii) failure or breakage of, or damage to, Seller's generating resource or equipment not the direct result of acts of God, including but not limited to flood, drought, earthquake, storm, hurricane, tornado or lightning; epidemic; war; riot; civil disturbance or sabotage.

Netting: If the Parties hereto have not filed Exhibit A "Netting" on the WSPP webpage, such Exhibit shall be deemed in effect for all transactions entered into under this Confirmation Agreement.

Payment: In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. The parties agree to resolve the dispute through negotiation within thirty (30) days from the date of such notice. If the parties are not able to resolve the dispute during the above thirty (30) day time period, then the dispute will be resolved under Section 34.2 of the WSPP Agreement. Upon resolution of the dispute, any required payment shall be made within two (2) business days of such resolution along with interest accrued at the rate of one percent (1%) per month, or the maximum interest rate permitted by law, if any, whichever is less, prorated by days from the date of overpayment or underpayment to the date of payment of the disputed amount unless and until the Executive Committee shall determine another rate. The Parties shall have no rights to dispute the accuracy of any bill or payment after a period of two (2) years from the date on which the first bill was delivered for a specific transaction.

Credit Terms: To the extent that either Party is required to post collateral as security for the transaction evidenced by this Confirmation Agreement, the Parties agree that such collateral shall be posted in accordance with the terms and provisions set forth in the WSPP Collateral Annex which is posted on the WSPP webpage, and the Cover Sheet Elections applicable to the WSPP Collateral Annex, which is attached hereto as Attachment II.

These specific terms and conditions together with the WSPP Agreement shall constitute the entirety of the agreement between the parties hereto, unless Seller furnishes to Buyer notice of alleged errors by facsimile, other electronic transmission, or first class mail by the fifth (5th) Business Day following the Business Day of receipt of this Confirmation Agreement. This Confirmation Agreement shall be conclusive evidence of this transaction that is the subject matter hereof, and shall, along with the terms herein, be the final expression of all its terms, notwithstanding any failure of Seller to execute such Confirmation Agreement.

Buyer:

Entergy Services Inc., as agent for the Entergy
Operating Companies set forth below

Seller:

Entergy Operating Companies:

ATTACHMENT I

“Into Entergy (the “Receiving Transmission Provider”)” (the “Product”) means that, in accordance with the provisions set forth below, (1) the Product shall be scheduled and delivered to an interconnection or interface (“Interface”) either (a) on the Receiving Transmission Provider’s transmission system border or (b) within the control area of the Receiving Transmission Provider if the Product is from a source of generation in that control area, which Interface, in either case, the Receiving Transmission Provider identifies as available for delivery of the Product in or into its control area; and (2) Seller has the right on a daily prescheduled basis to designate the Interface where the Product shall be delivered. The “Into Entergy” Product shall be subject to the following provisions:

1. Prescheduling and Notification. The energy shall be scheduled not later than the prescheduling deadline of 11:00 a.m. CPT on the Business Day before the next delivery day or as otherwise agreed to by Buyer and Seller. Seller shall notify Buyer (“Seller’s Notification”) of Seller’s immediate upstream counterparty and the Interface (the “Designated Interface”) where Seller shall deliver the Product for the next delivery day. [The energy shall be prescheduled for a minimum of 16 consecutive hours for on-peak delivery, and in blocks of 50 MW or greater.]

2. Availability of “Firm Transmission” to Buyer at Designated Interface; “Timely Request for Transmission,” “ADI” and “Available Transmission.” In determining availability to Buyer of next-day firm transmission (“Firm Transmission”) from the Designated Interface, a “Timely Request for Transmission” shall mean a properly completed request for Firm Transmission made by Buyer in accordance with the controlling tariff procedures, which request shall be submitted to the Receiving Transmission Provider after delivery of Seller’s Notification, provided, however, if the Receiving Transmission Provider is not accepting requests for Firm Transmission at the time of Seller’s Notification, then such request by Buyer shall be made at the time when the Receiving Transmission Provider first opens thereafter for purposes of accepting requests for Firm Transmission.

Pursuant to the terms hereof, delivery of the Product may under certain circumstances be redesignated to occur at an Interface other than the Designated Interface (any such alternate designated interface, an “ADI”) either (a) on the Receiving Transmission Provider’s transmission system border or (b) within the control area of the Receiving Transmission Provider if the Product is from a source of generation in that control area, which ADI, in either case, the Receiving Transmission Provider identifies as available for delivery of the Product in or into its control area using either firm or non-firm transmission as stipulated below on a day-ahead (individually or collectively referred to as “Available Transmission”) within the Receiving Transmission Provider’s transmission system.

3. Rights of Buyer and Seller Depending Upon Availability of Timely Request for Firm Transmission.

A. Request for Firm Transmission made by Buyer, Accepted by the Receiving Transmission Provider and Purchased by Buyer. If a Request for Firm

Transmission is made by Buyer and is accepted by the Receiving Transmission Provider and Buyer purchases such Firm Transmission, then Seller shall deliver and Buyer shall receive the Product at the Designated Interface.

i. If the Firm Transmission purchased by Buyer within the Receiving Transmission Provider's transmission system from the Designated Interface ceases to be available to Buyer for any reason, or if Seller is unable to deliver the Product at the Designated Interface for any reason except Buyer's non-performance, then at Seller's choice from among the following, Seller shall: (a) to the extent Firm Transmission is available to Buyer from an ADI on a day-ahead basis, require Buyer to purchase such Firm Transmission from such ADI, and schedule and deliver the affected portion of the Product to such ADI on the basis of Buyer's purchase of Firm Transmission, or (b) require Buyer to purchase non-firm transmission, and schedule and deliver the affected portion of the Product on the basis of Buyer's purchase of non-firm transmission from the Designated Interface or an ADI designated by Seller.

ii. If the Available Transmission utilized by Buyer as required by Seller above in Section 3A(i) ceases to be available to Buyer for any reason, then Seller shall again have those alternatives stated in Section 3A(i) in order to satisfy its obligations.

iii. Seller's obligation to schedule and deliver the Product at an ADI is subject to Buyer's obligation referenced in Section 4B to cooperate reasonably therewith. If Buyer and Seller cannot complete the scheduling and/or delivery at an ADI, then Buyer shall be deemed to have satisfied its receipt obligations to Seller and Seller shall be deemed to have failed its delivery obligations to Buyer, and Seller shall be liable to Buyer for amounts determined pursuant to Article 21 of the WSPP Agreement.

iv. In each instance in which Buyer and Seller must make alternative scheduling arrangements for delivery at the Designated Interface or an ADI pursuant to Sections 3A(i) and Firm Transmission had been purchased by both Seller and Buyer into and within the Receiving Transmission Provider's transmission system as to the scheduled delivery which could not be completed as a result of the interruption or curtailment of such Firm Transmission, Buyer and Seller shall bear their respective transmission expenses and/or associated congestion charges incurred in connection with efforts to complete delivery by such alternative scheduling and delivery arrangements. In any instance except as set forth in the immediately preceding sentence, Buyer and Seller must make alternative scheduling arrangements for delivery at the Designated Interface or an ADI under Sections 3A(i) or (ii), Seller shall be responsible for any additional transmission purchases and/or associated congestion charges incurred by Buyer in connection with such alternative scheduling arrangements.

B. Request for Firm Transmission Made by Buyer but Rejected by the Receiving Transmission Provider. If Buyer's Request for Firm Transmission is rejected by the Receiving Transmission Provider because of unavailability of Firm Transmission from the Designated Interface, then Buyer shall notify Seller after receipt of the Receiving Transmission Provider's notice of rejection ("Buyer's Rejection Notice"). If Buyer timely notifies Seller of such unavailability of Firm Transmission from the Designated Interface, then Seller shall be obligated either (1) to the extent Firm Transmission is available to Buyer from an ADI on a day-ahead basis, to require Buyer

to purchase (at Buyer's own expense) such Firm Transmission from such ADI and schedule and deliver the Product to such ADI on the basis of Buyer's purchase of Firm Transmission, and thereafter the provisions in Section 3A shall apply, or (2) if Firm Transmission is not available at any available Interface, to require Buyer to purchase (at Buyer's own expense) non-firm transmission, and schedule and deliver the Product on the basis of Buyer's purchase of non-firm transmission from the Designated Interface or an ADI designated by the Seller, in which case Seller shall bear the risk of interruption or curtailment of the non-firm transmission; provided, however, that if the non-firm transmission is interrupted or curtailed or if Seller is unable to deliver the Product for any reason, Seller shall have the right to schedule and deliver the Product to another ADI in order to satisfy its delivery obligations, in which case Seller shall be responsible for any additional transmission purchases and/or associated congestion charges incurred by Buyer in connection with Seller's inability to deliver the Product as originally prescheduled.

C. Request for Firm Transmission Made by Buyer, Accepted by the Receiving Transmission Provider and not Purchased of Buyer. If Buyer's Request for Firm Transmission is accepted by the Receiving Transmission Provider but Buyer elects to purchase non-firm transmission rather than Firm Transmission to take delivery of the Product, then Buyer shall bear the risk of interruption or curtailment of transmission from the Designated Interface. In such circumstances, if Seller's delivery is interrupted as a result of transmission relied upon by Buyer from the Designated Interface, then Seller shall be deemed to have satisfied its delivery obligations to Buyer, Buyer shall be deemed to have failed to receive the Product and Buyer shall be liable for Seller for amounts determined pursuant to Article 21 of the WSPP Agreement.

4. Transmission

A. Seller's Responsibilities. Seller shall be responsible for transmission required to deliver the Product to the Designated Interface or ADI, as the case may be. It is expressly agreed that Seller is required to utilize Firm Transmission for its delivery obligations hereunder, if Firm Transmission is available at any Designated Interface, or ADI, and, except for the provisions of Section 3C above, Seller shall bear the risk of utilizing non-firm transmission, if Firm Transmission is not available.

B. Buyer's Responsibilities. Buyer shall be responsible for transmission required to receive and transmit the Product at and from the Designated Interface or ADI, as the case may be, and except as specifically provided in Section 3A and 3B, shall be responsible for any costs associated with transmission therefrom. If Seller is attempting to complete the designation of an ADI as a result of Seller's rights and obligations hereunder, Buyer shall cooperate reasonably with Seller in order to effect such alternate designation.

ATTACHMENT II

COVER SHEET ELECTIONS applicable to the COLLATERAL ANNEX to the WESTERN SYSTEMS POWER POOL AGREEMENT

This Cover Sheet Elections applicable to the Collateral Annex to the Western Systems Power Pool Agreement ("Cover Sheet Elections") between the Parties is between:

Entergy Services, Inc., as agent for the Entergy Operating Companies ("Party A") and
____ ("Party B").

This Cover Sheet Elections sets forth the Parties' agreements to supplement the Collateral Annex and, as the Parties may determine, vary the terms and conditions of the Collateral Annex. To the extent there are any inconsistencies between the terms and conditions of the Collateral Annex, excluding the Cover Sheet Elections, and these Cover Sheet Elections, the Cover Sheet Elections shall prevail.

Terms that are capitalized for reasons other than grammatical reasons shall have the meanings assigned to them in Section 1 of the Collateral Annex.

The Collateral Threshold, Interest Rate, Minimum Transfer Amount and Rounding Amount, shall each be zero (0) unless a different amount is stated below.

I. Collateral Threshold.

Explanatory note: The Beneficiary Party's exposure due to the other Party's failure to perform a WSPP Agreement transaction is the sum of (a) the Termination Payment under WSPP Agreement 22, (b) damages under WSPP Agreement § 21.3, and (c) any further and additional amounts due for rendered performance by the Beneficiary Party to the Posting Party, whether or not invoiced. The Collateral Threshold is the portion, if any, of this exposure that the Parties agree in this Cover Sheet Elections will not be secured with Performance Assurance.

A. Party A Collateral Threshold. NOT APPLICABLE

Name of Party A Guarantor, if applicable:
____ ("Party A Guarantor")

If a Guarantor is identified, then all references to Party A shall include Party A Guarantor unless otherwise indicated and Party A shall be deemed to have the Credit Rating of Party A Guarantor.

- ☐ The Collateral Threshold for Party A shall be \$____; provided, however, that the Collateral Threshold shall be zero in the event of a Material Adverse Change as defined in Part II hereof with respect to Party A.
- ☐ The Collateral Threshold for Party A shall be (a) the amount set forth in the chart below under the heading "Collateral Threshold" opposite the Credit Rating for Party A on the relevant date of determination, and if such Credit Ratings shall not be equivalent, the lower Credit Rating shall govern, or (b) zero if on the relevant date of

determination none of the rating agencies specified below has a Credit Rating in effect with respect to Party A or in the event of a Material Adverse Change as defined in Part II hereof with respect to Party A:

<u>Collateral Threshold</u>	<u>S&P Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Fitch Credit Rating</u>
\$ _____	_____ (or above)	_____ (or above)	_____ (or above)
\$ _____	_____	_____	_____
\$ _____	_____	_____	_____
\$ _____	_____	_____	_____
\$ _____	Below _____	Below _____	Below _____

- ☐ The Collateral Threshold for Party A shall be (a) the amount set forth in the chart above under the heading "Collateral Threshold" opposite the Credit Rating for Party A on the relevant date of determination, and if such Credit Ratings shall not be equivalent, the higher two Credit Ratings shall govern, or (b) zero if on the relevant date of determination none of the rating agencies specified below has a Credit Rating in effect with respect to Party A or in the event of a Material Adverse Change with respect to Party A.
- ☐ The Collateral Threshold for Party A shall be the amount of the Guaranty Agreement dated _____ from Party A Guarantor, as amended from time to time, but in no event shall Party A's Collateral Threshold be greater than \$_____.

B. Party B Collateral Threshold. TBD

Name of Party B Guarantor, if applicable:

_____ ("Party B Guarantor")

If a Guarantor is identified, then all references to Party B shall include Party B Guarantor unless otherwise indicated and Party B shall be deemed to have the Credit Rating of Party B Guarantor.

- ☐ The Collateral Threshold for Party B shall be \$_____; provided, however, that the Collateral Threshold shall be zero in the event of a Material Adverse Change as defined in Part II hereof with respect to Party B.
- ☐ The Collateral Threshold for Party B shall be (a) the amount set forth in the chart below under the heading "Collateral Threshold" opposite the Credit Rating for Party B on the relevant date of determination, and if such Credit Ratings shall not be equivalent, the lower Credit Rating shall govern, or (b) zero if on the relevant date of determination none of the rating agencies specified below has a Credit Rating in effect with respect to Party B or in the event of a Material Adverse Change as defined in Part II hereof with respect to Party B:

<u>Collateral Threshold</u>	<u>S&P Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Fitch Credit Rating</u>
\$ _____	_____ (or above)	_____ (or above)	_____ (or above)
\$ _____	_____	_____	_____
\$ _____	_____	_____	_____
\$ _____	_____	_____	_____
\$ _____	Below _____	Below _____	Below _____

- ☐ The Collateral Threshold for Party B shall be (a) the amount set forth in the chart above under the heading "Collateral Threshold" opposite the Credit Rating for Party B on the relevant date of determination, and if such Credit Ratings shall not be equivalent, the higher two Credit Ratings shall govern, or (b) zero if on the relevant date of determination none of the rating agencies specified below has a Credit Rating in effect with respect to Party B or in the event of a Material Adverse Change with respect to Party B.
- ☐ The Collateral Threshold for Party B shall be the amount of the Guaranty Agreement dated _____ from Party B Guarantor, as amended from time to time, but in no event shall Party B's Collateral Threshold be greater than \$_____.

II. Material Adverse Change.

A. Party A

A Material Adverse Change shall occur with respect to Party A in the following circumstances:

- ☐ (i) Its Credit Rating falls below ____ by S&P or ____ by Moody's; or (ii) it is given an "issuer rating" by S&P below ____ or by Moody's below ____; or (iii) it has no Credit Rating by either S&P or Moody's.
- ☐ Party A's creditworthiness, financial responsibility, or performance viability has become unsatisfactory to Party B in Party B's reasonably exercised discretion with regard to a transaction between the Parties conducted under the WSPP Agreement.
- X An Event of Default shall have occurred and is continuing where Party A is the Defaulting Party, or a Potential Event of Default has occurred where Party A is the potentially Defaulting Party, or an Early Termination has occurred or been designated with respect to Party A for which Party A has not satisfied its Obligations.
- ☐ Other:_____

B. Party B

A Material Adverse Change shall occur with respect to Party B in the following circumstances:

- X (i) Its Credit Rating falls below ____ by S&P or ____ by Moody's; or (ii) it is given an "issuer rating" by S&P below ____ or by Moody's below ____; or (iii) it has no Credit Rating by either S&P or Moody's.
- X Party B's creditworthiness, financial responsibility, or performance viability has become unsatisfactory to Party A in Party A's reasonably exercised discretion with regard to a transaction between the Parties conducted under the WSPP Agreement.
- X An Event of Default shall have occurred and is continuing where Party B is the Defaulting Party, or a Potential Event of Default has occurred where Party B is the potentially Defaulting Party, or an Early Termination has occurred or been designated with respect to Party B for which Party B has not satisfied its Obligations.

X Other: TBD

III. General Credit Assurances.

Explanatory note: If in Part II above either Party elected the second option (Material Adverse Change includes unsatisfactory creditworthiness, financial responsibility, or performance viability) (such election, a "Section 27 Inclusion"), the Parties must make the first election in this Part III. If in Part II the Parties did not elect a Section 27 Inclusion and if they do not make either election in this Part III, then the second election under this Part III shall apply by default.

X Section 27 of the WSPP Agreement applies, provided, that (a) the following phrase is added after the last word of Section 22.1(d): "or in the Collateral Annex to the Western Systems Power Pool Agreement between the Parties," (b) the following phrase is deleted: "The Second Party's obligations under this Section 27 shall be limited to a reasonable estimate of the damages to the First Party (consistent with Section 21.3 of this Agreement) if the Second Party were to fail to perform its obligations," and (c) the phrase "within three (3) Business Days of demand therefore" is revised to state "within one (1) Business Day after receipt of demand therefor."

☐ Section 27 of the WSPP Agreement does not apply; Sections 27 and Section 22.1(d) of the WSPP Agreement are inapplicable to WSPP Agreement transactions between the Parties.

IV. Minimum Transfer Amount.

A. Party A Minimum Transfer Amount: \$ **NOT APPLICABLE**

B. Party B Minimum Transfer Amount: \$ **TBD**

V. Rounding Amount.

A. Party A Rounding Amount: \$ **NOT APPLICABLE**

B. Party B Rounding Amount: \$ **TBD**

VI. Administration of Cash Collateral.

A. Party A Eligibility to Hold Performance Assurance in form of Cash; Interest Rate.

Note: if neither of the two options immediately below is selected, then Option A shall apply.

☐ **Option A:** Party A shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held solely by a Custodial Bank in accordance with Section 6(b) of the Collateral Annex.

X **Option B:** Party A shall be entitled to hold Performance Assurance in the form of Cash under Section 6(a)(i), (ii) and (iii) of the Collateral Annex, provided, that no Downgrade Event has occurred with respect to Party A.

To the extent Party A is entitled to hold Cash, the Interest Rate payable to Party B on Cash shall be as elected below:

Party A Interest Rate.

☒ Federal Funds Effective Rate - the rate for that day opposite the caption "Federal Funds (Effective)" as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System. *(If neither Interest Rate box is checked, or the "Other" box is not completed, the Federal Funds Rate specified herein shall apply.)*

☐ Other - _____

B. Party B Eligibility to Hold Performance Assurance in form of Cash; Interest Rate.
NOT APPLICABLE

Note: if neither of the two options immediately below is selected, then Option A shall apply.

☐ **Option A:** Party B shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held solely by a Custodial Bank in accordance with Section 6(b) of the Collateral Annex.

☐ **Option B:** Party B shall be entitled to hold Performance Assurance in the form of Cash under Section 6(a)(i), (ii) and (iii) of the Collateral Annex, provided, that no Downgrade Event has occurred with respect to Party B. **If Option B is elected, the Parties must complete the following election:**

Right of Party A to Rescind Option B:

☐ Party A shall be entitled to rescind Option B unilaterally, in its sole discretion, such that upon rescission (in accordance with Section 6(a)(iv) of the Collateral Annex) Party B shall not be entitled to hold Performance Assurance in the form of Cash and Section 6(a)(iv) of the Collateral Annex shall become applicable.

☐ Party A shall not be entitled to rescind Option B unilaterally, in its sole discretion, provided, Party B shall lose its entitlement to hold Performance Assurance in the form of Cash upon the occurrence of any other Downgrade Event under Section 6(a)(iv) of the Collateral Annex.

To the extent Party B is entitled to hold Cash, the Interest Rate payable to Party A on Cash shall be as elected below:

Party B Interest Rate.

☐ Federal Funds Effective Rate - the rate for that day opposite the caption "Federal Funds (Effective)" as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System. *(If neither Interest Rate box is checked, or the "Other" box is not completed, the Federal Funds Rate specified herein shall apply.)*

☐ Other - _____

C. Posting Deadline for Collateral Requirement TBD

The Posting Party shall be required to provide Performance Assurance to cover an outstanding Collateral Requirement under Section 4 of the Collateral Annex no later than ____:00 am/pm New York time of the _____ [state number] Business Day after receipt of a Demand Notice (the "Posting

Deadline”), provided, that if the Posting Deadline is the same day as the Demand Notice is sent/received, then the Demand Notice must be received no later than 1 p.m. New York time on that day, and if the Demand Notice is sent/received after such time, then the Posting Deadline shall be 24 hours later.

D. Reduction Deadline for Transfer of Excess Performance Assurance TBD

The Beneficiary Party shall be required to transfer Excess Performance Assurance to the Posting Party under Section 5 of the Collateral Annex no later than ____:00 am/pm New York time of the ____ [state number] Business Day after receipt of a demand therefor (the “Reduction Deadline”), provided, that if the Reduction Deadline is the same day as the demand for return of Excess Performance Assurance is sent/received, then the demand must be received no later than 1 p.m. New York time on that day, and if the demand is sent/received after such time, then the Reduction Deadline shall be 24 hours later.

VII. Letters of Credit TBD

A. Definition of LC Issuer:

If the Parties agree that a specific entity shall be an LC Issuer even if may not satisfy the credit rating specified in the definition of LC Issuer set forth in the Collateral Annex, identify such entity here:

If the Parties agree to a different definition of LC Issuer than the definition specified in the Collateral Annex, state such definition here:

B. Definition of Letter of Credit

- ☐ “Letter of Credit” means an irrevocable, non-transferable, standby letter of credit, issued by a Qualified Institution, or other issuer to which the Parties may agree in writing, in a form consistent with the Parties’ agreements stated below and otherwise reasonably acceptable to the Beneficiary Party. Each Letter of Credit shall contain the following terms and conditions:
- ☐ “Letter of Credit” has the following meaning:

Regardless of the Parties’ election in this Part VII.B above, the Parties may specify here additional terms and conditions that a Letter of Credit shall contain:

VIII. Notice and other Communications Under Section 10(h) of Collateral Annex

Each demand, notice, consent, agreement, approval or other communication required or permitted to be given from one Party to the other Party under the Collateral Annex shall be submitted to the recipient Party at the following address or fax number:

Party A:

Attention:

Street:

City, State, Zip Code:

Fax No.:

Party B:

Attention:

Street:

City, State, Zip Code:

Fax No.:

Execution of Cover Sheet Elections:

Party A

Name of Party:

[Sign here]

[Print name]

Title

Date: _____

Party B

Name of Party

[Sign here]

[Print name]

Title

Date: _____